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NEWS SUMMARY

GENERAL

House prices show big rise

Steep house price rises this year have included increases as high as 50 per cent in the London area, the Anglia, Hastings and Thanet Building Society says.

Average prices for new homes rose by 31.5 per cent in the last 12 months, the society's annual housing market report shows. Modern (post-1919) properties rose on average by 30 per cent while the average price of pre-1919 properties went up by 24.5 per cent.

The society based its analysis on 33,000 properties it dealt with during 1978. There were signs that prices were beginning to ease, it added. Back Page

Uganda amnesty

Ugandan Vice-President Gen. Mustafa Adrisi has been replaced as Defence Minister by Maj-Gen. Ibrahim Mondo, President Idi Amin said. He also announced an amnesty for all exiled Ugandans who had left the country after 1971, when he came to power. Page 2

Time-limit nears

Strenuous efforts are being made to ward of today's threatened killing of the two British bankers being held hostage by guerrilals in El Salvador. Page 4

Mourners fly in

Foreign delegations began arriving in Algiers for today's State funeral of President Houari Boumedienne. First to arrive included PLO leader Yasser Arafat and President Hafez al-Assad of Syria.

Blacking vote

Daily Express journalists voted to stop blacking Press Association copy. Management of King and Hutchings printing works, Uxbridge, dismissed 10 press room workers for taking action in support of the provincial journalists' dispute. Page 7

'More saw ITV'

Up to four times as many families watched ITV in preference to BBC TV on Christmas Day evening, a preliminary survey carried out by AGB for Thames Television shows. Page 5

Miners killed

Four South African mine workers were killed and nine injured when a pressure burst occurred at the Gold Fields group's Doornfontein gold mine, the company said. Six other mineworkers are still missing. Page 14

Ecevit move

Turkish Prime Minister Bulent Ecevit set up a co-ordination directorate, including senior military officers, to enforce martial law regulation in riot-hit areas. Page 2; The economic threat to democracy, Page 12

Briefly . . .

Body of British university lecturer Malcolm Caldwell, murdered by gunmen in Phnom Penh, Cambodia, last Saturday, left Peking for Britain.

Sig. Emilio Colombo, President of the European Parliament, will pay an official visit to China from January 3 to 7.

Some 43 per cent of Danes oppose continued EEC membership by their country, with only 39 per cent in favour, public opinion poll shows. Page 2

World chess champion Anatoly Karpov has been named Soviet Union sportsman of the year.

Greek cargo ship Tenorga sank off Leixoes, Portugal, with 20 of its crew feared drowned.

Floods on the Indonesian island of Sumatra have left 20,000 in urgent need of food.

BUSINESS

Equities down 5; Lead up £5

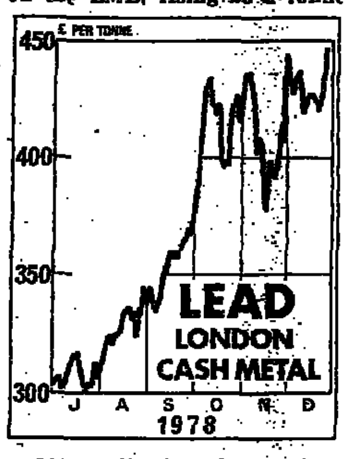
● EQUITIES were unsettled by the crisis in Iran and uncertainties over the threatened tanker drivers' strike. The FT ordinary index, down 3.1 at 10 a.m., closed 5.3 off at 472.9.

● GILTS showed little movement at the longer end and the Government Securities index closed unchanged at 68.66.

● STERLING fell 80 points to $2.0290, with its trade-weighted index unchanged at 63.8. The dollar improved in the foreign exchange market and its depreciation remained unchanged at 9.7 per cent.

● GOLD fell $1 to $221¼ in London, and in New York the Comex January settlement price was $223.10 ($222.80).

● LEAD reached a record price on the LME, rising £5 a tonne



to £447, following the previous day's rise of £12.25. Page 17

● WALL STREET closed 2.60 down at 805.96.

● HONG KONG has raised its prime lending rate by 0.75 per cent to 9.5 per cent. Page 3

● MOBIL has failed to find oil or gas in the seventh dry well drilled in the Baltimore Canyon, 100 miles off the New Jersey coast. Page 4

● SCOTTISH manufacturing companies will invest at least £575m in new building and equipment in 1979, and create more than 4,000 new jobs, a survey by the Scottish Council for Development and Industry has shown. Page 6

● U.S. TRADE deficit in November narrowed to below $2bn and the index of leading economic indicators fell for the first time since July. This brings the trade deficit for the 11 months of 1978 to $26.74bn. Back Page

● U.S. TREASURY has launched an investigation into whether $150.8m worth of carbon steel plate has been dumped in the U.S. from Belgium, France, Germany, Italy and the UK. Back Page.

Meanwhile, further losses are feared throughout the EEC steel industry with production costs outstripping sales, and steel companies see little prospect of a general increase in prices before the spring. Back Page.

● FORD would have been the 1978 market leader in Western Europe for both cars and commercial vehicles, had it not been for the UK industrial dispute. By the end of October, Ford had captured 13 per cent of new car sales and 13.3 per cent of commercial vehicle sales. Back Page

COMPANIES

● S. HOFFNUNG pretax profits for the half year to September 30 fell from £1.52m to £880,000 on turnover down from £50.97m to £48.48m. Page 14

● DALGETY has sold its Australian wine and spirits division to Seagram (Australia), a subsidiary of Seagram of Canada, in a deal believed to be worth about £7m to Dalgety. Page 14

● COMMERCIAL UNION has declared record bonus rates on with-profits life business for the three-year period to December 31. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

(Prices in pence unless otherwise indicated)		Common Bros.	183 — 7
RISES		Daily Mail "A"	353 — 5
Funding 5¼pc '82-84	£81¼ + ¼	Distillers	201 — 3
De Vere Hotels	186 + 4	GEC	323 — 6
Extel	130 + 4	Gill and Duffus	146 — 7
Kennedy Smale	44 + 5	Glaxo	505 — 5
Saga Holidays	182 + 5	Guinness (A.)	166 — 3
Anglo United	280 + 34	Heath (C. E.)	233 — 7
Ayer Hitam	380 + 20	Highland Distills.	77 — 3
De Beers Defd.	382 + 4	Hoffnung (S.)	64 — 4
West Driefontein	£23 + ⅜	Ladbroke	177 — 4
RISES		Monk (A.)	73 — 6
Babcock and Wilcox	148 — 4	Pilkington	293 — 10
Baker Perkins	144 — 6	Turner and Newall	157 — 6
Brentnall Beard	32 — 2	Yarrow	308 — 7
Brown (J.)	366 — 10	BP	916 — 10
		LASMO	126 — 6

Shell pay formula may offer solution to tanker strike

BY ALAN PIKE, LABOUR CORRESPONDENT

The national tanker drivers' threatened strike next week may be averted after a breakthrough by union officials during negotiations yesterday with Shell management.

Union leaders concluded the 22-hour negotiating session by reaching an agreement which they will recommend the company's 2,600 driver and related employees to accept.

The Shell agreement is similar in size to the 15 per cent Esso offer but union officials say it does not contain the same productivity clauses to which many Esso drivers are opposed.

Union officials hope that they will now be able to use the Shell agreement as a model for continuing negotiations with the other major oil companies and, by removing the contentious issue of the Esso productivity clauses, obtain settlements which their members will endorse.

The result of a ballot among employees at Esso's 39 depots on whether to accept the company's offer will be known today. Close voting is expected.

Unofficial estimates yesterday showed that 16 Esso depots had voted to accept the offer and 15 to reject, with the remaining depots still to vote.

The final decision will be based on a head count of employees rather than a depot-by-depot vote.

Although the offer could increase Esso drivers earnings by about £15 per week, many have complained about the attached productivity conditions. This is clearly an important factor in many of the votes to reject the package.

The Transport and General Workers' Union conducts separate negotiations with all the leading oil companies. After leaving Shell, officials opened talks last night with BP and Texaco.

However, the settlements are closely influenced by each other and if union officials consider the Shell offer superior they will apply strong pressure on the other companies to conclude similar agreements.

Mobil delegates meet today to consider a new offer from the company—again in the region of 15 per cent.

The Shell offer is being presented to drivers during the weekend and shop stewards will meet on Tuesday to consider their reaction.

This means that the question of whether Wednesday's threatened strike action will go ahead is likely to be finally decided at the very last moment.

The Government is training troops to maintain essential fuel supplies if the strike goes ahead but has no plans to issue the public with petrol coupons.

Most of industry has enough oil to last for four weeks or more, says the Confederation of British Industry.

Companies were unlikely to have to lay off any workers for at least ten days if the strike went ahead, the CBI said.

This view was based on an assessment of the amount of oil stocks held by industrial companies in tanks on their own premises.

Heavy consumers of oil often hold stocks which can last for up to a month.

Agriculture policy dispute may delay EMS start

BY JONATHAN CARR IN BONN AND DAVID WHITE IN PARIS

THE START of the European Monetary System may be delayed beyond the January 1 target date because of the continuing dispute between France and other EEC members over the Common Agricultural Policy.

French officials yesterday repeated their earlier warnings that unless the balance of subsidies to French and German farmers was altered, EMS would not become fully operational next week.

But the West German Government said it expected the system to start as planned and noted that Bonn had not received words to the contrary from Paris since earlier this month President Giscard d'Estaing committed France to EMS membership from the start.

The overall position was confused last night, not only because of uncertainty about how far France was involved in an elaborate exercise in bluff but also because of the visits abroad of President Giscard and Chancellor Helmut Schmidt of West Germany.

The foreign exchange markets believed that EMS would start next week and would include France from the beginning.

There were some suggestions yesterday that the system could not go ahead unless France dropped its reservations about whether new Monetary Compensatory Amounts arising out of the creation of EMS should be allowed to last longer than a year. MCAs are mechanisms which allow national farm prices to differ while maintaining Community prices.

It is technically possible for EEC currencies to be linked without an immediate settlement of this issue since EMS and CAP will operate separately. But the CAP aspects of the system will have to be sorted out fairly quickly because of changes in the method of valuation.

Arrangements for the start of the system are going ahead, for the moment, as planned. Central parities between the eight participating currencies will be fixed on the basis of the market rates ruling this afternoon where Continental markets close (1.30 pm GMT).

In addition, central bankers will hold talks over the next couple of days to resolve the remaining questions about how the credit facilities will work.

In particular, officials will have to decide on the valuation of gold in the very short-term swap facilities under which member countries will deposit a fifth of their gold and dollar reserves in return for the issue of new European Currency

Continued on Back Page

Brazil nationalises power group

BY RICHARD LAMBERT

THE LAST large foreign-controlled utility operating in Brazil is to be nationalised. The Brazilian Government is paying U.S.$380m for the 83 per cent interest in Light-Serviços de Eletricidade currently owned by Brascan, the Canadian investment management company.

The disposal will involve the Canadian company in a book loss of $466m. Unlike similar deals in the past, the consideration will be payable entirely in U.S. dollars and there are no reinvestment requirements.

Under the terms of the transaction, $210m will be payable on the closing date, which is expected in the next fortnight. The rest will be payable 90 days later.

The proceeds represent about C$17.20 a share, and Brascan says that the net worth of its remaining assets exceed a further C$10 a share. Brascan's shares were suspended on Wednesday at C$16¼.

Light-Serviços de Eletricidade distributed about 41 per cent of the electric energy consumed in Brazil in 1977. Its service area, with a population of 21m, includes the metropolitan regions of Sao Paulo and Rio de Janeiro.

Last year, the company purchased 77 per cent of its energy requirements from Government-owned generating companies.

Net income of Light amounted to $135m in 1977, but the company has been finding it increasingly difficult to generate enough funds to finance a growing capital requirement. Electricity demand has been rising annually at 10 per cent, and its capital spending for 1978 has been estimated at $325m.

At the end of 1976, a group of prominent Brazilian businessmen expressed an interest in buying Brascan's stake for a reported U.S.$760m. Payment under that deal would have been spread over 10 years.

In the absence of a guarantee by the Brazilian Government of the payments to Brascan, the talks came to nothing.

The offer announced yesterday has been made by Electrobras, the national power company owned by the State. Brascan says that it has been allowed no time to submit the proposals to a shareholders' meeting. Its directors have accepted the terms which they say are "in the best interests" of the company and its shareholders.

No decisions on reinvestment have been made. However, Brascan plans to use the money to develop its existing interests, which are in three main areas: natural resources, consumer goods and financial services.

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FEATURES

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UK contingency plans ready to offset Iran oil stoppage

BY SUE CAMERON

THE UK Government is drawing up contingency plans to deal with the effect of a protracted Iranian oil stoppage.

Iran — the world's second biggest oil exporting nation —normally supplies about 16 per cent of the 95m tonnes of crude that the UK consumes each year. But during the past four days all oil exports from Iran have ceased.

Britain has sufficient oil reserves to last at least 72 days but if any stoppage in Iran shows signs of continuing for weeks, the Government will be forced to take emergency action. One possible course being considered by the Department of Energy is a ban on North Sea oil exports.

The North Sea now supplies just over half the UK's oil needs but between 38 per cent and 40 per cent of Britain's North Sea crude is at present being exported. Oil companies could be forced to divert much of this back to the UK. At present they can export North Sea crude only if they are granted waivers on UK oil landing.

If the Iranian stoppage began to have a serious impact on domestic supplies, the Government could simply withdraw the waivers.

The Department of Energy said last night that a total ban on North Sea oil exports would probably be unnecessary, especially as it was looking at other ways of making good a long-term cessation of imports from Iran. It said part of any shortfall could be met by an increase in imports from Saudi Arabia and it pointed out that Saudi exports to the UK had risen in the last few weeks from about 25 per cent of total British consumption to roughly 30 per cent.

British Petroleum, which normally relies on Iran for about 30 per cent of its global oil supplies, has started to cut deliveries of crude to its customers. In October the group warned customers that it might have to cut supplies by up to 25 per cent of what had been ordered if the situation in Iran worsened.

Street fighting as oilfield output ceases

BY SIMON HENDERSON

TEHRAN — Savage fighting continued to erupt in the streets of Iranian cities yesterday as the government claimed that Iran—the world's second largest oil exporter — had stopped all production.

More than 30 people were reported killed in clashes between demonstrators and soldiers in the southern city of Ahwaz in the centre of the oilfields. Ten bank branches and the offices of Iranair were set ablaze.

In the North-Western city of Qazvin three people were killed and two wounded, apparently by tanks. In Tehran itself the intensity of the rioting lessened but at least three buses and three fire engines were burned. The sound of sporadic rifle fire still echoed across the city.

Contrary to the Government's claim other reports say reduced production is continuing at 340,000 barrels a day compared to 5.7m barrels a day in normal times. This is still only enough to meet half of Iran's domestic requirements. The opposition has accused the Government of deliberately keeping oil products off the local market so as to discredit the strikers.

A serious development, not seen in previous oilworkers strikes, has been the mass resignation of Iranian employees of OSCO, the operating company of the Western oil consortium.

The resignations, admitted by OSCO and claimed to number 4,400 by the opposition, were sent in three days ago. The company is expected to counter them by asking for the resignation letters to be submitted individually.

Expatriate employees continue to remain at home and stay away from work while plans are reportedly being made to evacuate them until the crisis ends and production resumes. There are over 600 working for OSCO but many dependants have already left. There is likely to be strong Iranian Government pressure against an evacuation of the oil staff themselves.

The Goverment claims that production and refining has now stopped completely. It has asked the religious leaders, the Shah's fiercest opponents, to tell people to return to work because of the serious consequences to Iran of a prolonged shutdown of the oilfields. The country's normal oil revenue are some $21bn a year.

Controls

In Paris, however, Ayatollah Khomeini, the principal focus for opposition to the Shah, claimed on Wednesday that "the workers of the oil corporation have produced enough for internal use." He said funds and houses should be made available to the oil strikers.

Rationing of oil and all its products, introduced on Wednesday, is now being implemented by distribution controls. No cards are being issued, so queues for petrol and kerosene for cooking stoves are still common.

The only refinery working is Abadan, near the Gulf, where four people were reported killed yesterday. It was due to process the entire 340,000 barrels of production, well within its normal 500.00 barrels a day output.

Anxiety is also being expressed about the level of oil reserves left in the country. The Government says it only has five to seven days' supplies, against the three to five months' supplies usually stocked at this season, before Iran's severe winter.

The low figures are again thought to be a deliberate Government exaggeration as oil observers consider that stocks must have been topped up last week when production had reached 3.6m barrels a day.

Even if production were to increase now, a total strike has closed the main crude oil export terminal at Khargh Island in the Gulf. Not only are the loading facilities shut with as many as 60 tankers waiting offshore, but a production unit and a chemical complex on the island are also closed.

Initiatives to break the deadlock have been limited to a senior employee of the National Iranian Oil Company being sent to talk with strikers on behalf of the company's president.

The chances of a new civilian government under Dr. Gholam Hossein Sadqi, the veteran politician untainted by corruption scandals now seem very slight.

West confident of oil Page 3

£ in New York

—	Dec. 28	Previous
Spot	$2.0335-0350	$2.0365-0385
1 month	0.10-0.05 dis	0.27-0.22 dis
3 months	0.39-0.34 dis	0.46-0.41 dis
12 months	1.75-1.65 dis	2.10-1.95 dis

Poles set to walk an economic tightrope

By Christopher Bobinski

POLAND IS about to embark on a delicate economic manoeuvre which entails cutting economic growth by half next year through a 10 per cent reduction of investment and tight controls on imports. It has been dictated largely by the need to eliminate the trade deficit by 1980 and keep the confidence of western banks and institutions which have lent Poland around $16bn so far and which will be asked to lend more in future.

The question is whether this can be achieved without provoking the kind of consumer protests which has led to strikes and demonstrations on several occasions in the past. The Polish leader, Mr. Edward Gierek, came to power in December 1970 in the wake of strikes and demonstrations which toppled his predecessor Mr. Wladyslaw Gomulka. Mr. Gierek nearly suffered a similar fate in 1976 when the Government tried to raise food prices steeply.

Saddened and wisened by these events the leadership drew up a 1979 plan, which has just been debated in the Polish Parliament, with the intention of softening the effect of a reduction in overall growth to 2.8 per cent, compared with the 5.4 per cent targetted but not achieved in 1978.

Import surge

The main brunt of next year's cuts will be in industrial investment, precisely that area which so far has received top priority and which was directly linked ot the massive upsurge of imports financed by credits and bank loans. At the same time however investment is to go up in those sectors which directly supply the consumer and which require little foreign exchange.

Thus spending on house construction is scheduled to rise by 5 per cent next year, the health service is to get another 15 per cent while funds devoted to agriculture are also to rise by 1.4 per cent. Housing, agriculture and the food industry combined are scheduled to take 52 per cent of the total 588bn zloty (£9.5bn) earmarked for investment next year. Investment in the energy sector—mainly the development of coal mines and electric power infrastructure—will take a further 25 per cent while industry will get the remaining 23 per cent.

There are also significant changes planned in the composition of industrial production. The former emphasis on the production of capital goods is being downgraded in favour of boosting consumer goods production and production for export.

Thus while overall industrial production is to rise by 4.8 per cent, consumer production is to go up by 7.7 per cent and output of export goods by 9.7 per cent.

Price increases

The rise in the cost of living in 1978 is officially estimated at 6 per cent, but this is largely due to unplanned price increases. The authorities are promising more energetic measures to hold down prices next year. It could well be however that the 16 to 18 per cent real wage increase pledged in the five-year plan up to 1980 will not be fulfilled by the eighth party congress which is scheduled for early 1980.

Hard currency exports next year are a crucial area in the 1979 plan. Trade turnover is planned to go up by 7 per cent, with exports up by 9.1 per cent and imports by 5.1 per cent compared to this year. Already the cutbacks in the import of raw materials, plant and spare parts are causing considerable production losses. This, taken together with power cuts caused by shortages of power generating capacity, is another reason for the low growth rate next year.

Agricultural production, another key area given Poland's meat shortages, is to go up by between 3.9 and 4.8 per cent in 1979, compared to 3 per cent growth this year. Plant production is to go up from 5.1 to 6.8 per cent and animal production by 2.4 per cent.

Poland's economic difficulties are also having an effect on debates inside the party. Provincial party first secretaries were keen to speak of local problems at a Central Committee meeting devoted to the implementation of the 1979 plan last week. This group of 49 men who run the equivalent of British counties are at present in a very difficult position. They have to answer to the centre for fulfilment of their plan at a time when raw material shortages and power cuts are playing havoc with production schedules. Also they are much closer to a tired and sometimes angry population than are the leadership in Warsaw.

IG-Metall halting 3 more plants

BY JONATHAN CARR

BONN — Exactly a month after the start of the strike in the West German steel industry, the trade union IG-Metall announced yesterday that it was planning to extend the action "to force the employers back to the negotiating table."

The decision means that from next Wednesday about half the 200,000 steel-workers in the North Rhine-Westphalia, Osnabrueck and Bremen areas will be affected by the strike.

At the same time, the union leadership called on the employers to resume talks to end the stoppage. A senior management representative said the employers would discuss the proposals without delay.

So far 37,000 men have been on strike and another 43,000 have been locked out by the employers. The extension of union action will affect Fried Krupp Huttenwerk in Bochum (9,200 workers), Kleeckner Huette in Bremen (5,300) and Thyssen Edelstahlwerk in Krefeld (5,500). The Krefeld works, the special steels arm of Thyssen, is one of the enterprises which has come through the world steel recession relatively well, and has so far escaped the impact of the strike.

It had been thought that lower earnings around Christmas might undermine support for the strike, which was launched mainly to back demands for progressive introduction of a 35-hour week.

IG-Metall is estimated to have paid out DM60m in strike pay. But there was no sign yesterday of any weakening of resolve in the union leadership or from the rank and file.

The strike is believed to have cost the employers close to DM500m. There are also fears that a continuation of the strike might mean short-time work in other sectors, such as the vehicle industry, later next month.

The employers were believed to be ready to accept a compromise proposed 10 days ago by a political mediator. It involved additional free shifts and would have meant de facto introduction of a working week of less than 40 hours. But the union rejected the plan.

Despite the strike, the first in the West German steel industry for about 50 years, confidence about the development of the economy next year seems widespread.

Representatives of trade unions, employers, Government and opposition agreed at a round-table meeting on Wednesday that real economic growth next year was likely to be between 3.5 and 4 per cent and that inflation would be about 3 per cent.

Union 'no' to Spain pay limit

By Our Own Correspondent

MADRID—Spain's two biggest trade unions will ignore a proposed new wage ceiling decree and will seek average pay rises of 16 per cent and shorter working hours in 1979, according to reports published here yesterday.

The top leaders of the Communist Workers' Commissions and the Socialist General Workers' Union said after a joint meeting on Wednesday night that they consider the 11-14 per cent ceiling planned by the Government too low to maintain the purchasing power of wage earners.

Their attitude was foreshadowed in a leading article published on Wednesday by the Madrid Communist daily Mundo Obrero. That article was condemned by Sr. Fernando Abril Martorell, the deputy Prime Minister and Minister for Economic Affairs, as "simplistic and distorted." It provoked the deputy Prime Minister into launching a challenge to the secretaries - general of the Workers' Commissions and the General Workers' Union, Sr. Marcelino Camacho and Sr. Nicolas Redondo respectively, to debate the Government's economic programme with him in a nationwide television broadcast. Both have accepted the challenge.

The tough attitude of the union leaders is of immediate importance since a number of major collective bargaining agreements come up for discussion within the next few days.

Hotel strike on Tenerife ends

By Our Own Correspondent

MADRID — Hotel and restaurant workers were back on the job in Tenerife yesterday after winning an average 27 per cent wage rise; but the strike continued on Grand Canary and Lanzarote islands.

A report from the correspondent of the semi-official Spanish news agency EFE in Las Palmas, on Grand Canary Island, said: "Desolation and chaos reign in the most important tourist centres" as a result of the work stoppage which began before Christmas. He added that one out of every five hotel reservations for New Year's holidays has already been cancelled.

A hotel manager in Santa Cruz de Tenerife said the situation returned to normal there shortly after midnight on Wednesday. He added that the new agreement between hotel management and employees provides for proportionately larger pay rises for workers at the bottom of the scale and sets the minimum monthly net pay rate for new unskilled staff at Pta25,000 (£176).

12m jobless forecast for Europe

BY JOHN WICKS

ZURICH — More than 12m people of employable age may be out of work in Europe by 1990, according to a study prepared by the Prognos AG European Centre for Applied Economic Research, of Basle.

In its 1979 Euro-report, the centre foresees a dramatic growth in the number of unemployed unless there are drastic changes in "working hours and work organisation." This would be due to an above-average increase in the working age population, which is not expected to reverse until after 1990.

On the European average, says the report, the jobless rate will rise to 7.5 per cent by 1983 and as much as 9.1 per cent in 1990. By then double-figure unemployment is forecast for Italy, with 10.4 per cent, the United Kingdom, with 10.5 per cent, and Spain, with 11 per cent.

Record levels of 15.7 per cent and 18.4 per cent are expected in the Netherlands and Ireland, respectively. Sharp increases in unemployment rates are also anticipated for other European countries, with rates of 6.9 per cent in West Germany, 9.5 per cent in France and 6.8 per cent in Switzerland.

Three countries are seen as likely to experience a shortage of labour. There will be minus unemployment rates of 1.5 per cent in Sweden, 9.5 per cent in Norway and 11.8 per cent in Luxembourg, according to Prognos. In comparison with the overall rise in West European unemployment, the Basle body believes the U.S. rate will fall to 4.4 per cent in 1983 and only 3.6 per cent by 1990.

● Switzerland's foreign currency reserves reached a new record level of SwFr 31.92bn (£9.7bn) in the week ended December 22. The Swiss National Bank registered a sharp increase of SwFr 998m for the week, interventions on the foreign exchange market and dollar receipts from the repayment of a further SwFr 47.5m worth of U.S. Swiss-franc treasury bonds having exceeded obligatory conversions into foreign currency of the Swiss-franc proceeds from foreign borrowings.

Gold reserves remained unchanged in value at SwFr 11.9bn, while banknote circulation rose by Sw Fr 1.33bn to SwFr 22.88bn.

Stagehands halt Nureyev show

BY DAVID WHITE

PARIS — The late-night queues at the Paris Opéra in this festive season are of people wanting their money back.

Rudolf Nureyev was due to make his first appearance on Wednesday night in the Opera's current production of Swan Lake. But the performance had to be called off for the fourth time because of a strike by stage-hands.

The strike showed no sign of being settled yesterday afternoon and the thousands of refunded tickets were estimated to have cost the Opéra some FFr 500,000 (£58,000).

A more serious conflict was narrowly avoided on Wednesday night after Nureyev proposed that the dancers move the sets.

The dispute broke out the week before last when 50 technicians were sacked for hindering rehearsals. Last Thursday one of the television channels suffered convulsions when a live performance from the Opéra of Camille Saint-Saens' "Samson et Dalila" was interrupted by strike action.

Half-hour delays in theatres throughout France are now being threatened in support of the Opéra strikers.

The Opéra is hoping to clear up the dispute in time to get a costly production of Alban Berg's opera "Lulu" under way in January. As for Tchaikovsky, as one Paris newspaper put it, "Nureyev's Swan seems to have fallen in the lake."

● This year's harvest of French wines was 11 per cent up on last year's but was still below what are considered normal levels, according to the Budget Ministry.

The total volume amounted to 58.2m hectolitres, 5.8m hectolitres more than the past harvest.

AP-DJ adds from Paris: French consumption of petroleum products is expected to show an increase of 5.4 per cent to 104m tons over the 98.8m tons consumed in 1977.

Reuter reports: The Economics Ministry announced that the price of petrol at the pump would be increased by between six and seven centimes a litre, according to grade, from January 3. The increases were largely the result of dollar fluctuations, the Ministry said. Further increases would be made in February to take account of the next round of OPEC price rises.

Hungary plans to import more Soviet oil

BY ROGER BOYES

HUNGARY HAS announced plans to import an additional 8.5m tons of crude oil from the Soviet Union next year, in a move apparently designed to offset the effects of the OPEC price rise and the Iranian crisis.

National energy economy board officials told the Budapest journal Heftoi Hirek that 1m tonnes of the imported total would be paid for in hard currency and the rest in transferable roubles (Comecon's common trading currency), or on a barter basis.

The announcement is the first indication of how the oil-dependent countries of Eastern Europe will adapt their energy policies to accommodate the 14.5 per cent price rise decided on at OPEC's recent meeting in Abu Dhabi. Hungary, although it produces 2.15m tons of oil a year, is probably the worst-off Comecon country in terms of indigenous energy reserves.

The energy officials made no mention of oil imports from the Middle East, but these will clearly be scaled down. In the past, Hungary has imported some hundreds of thousands of tons of oil a year from Iraq and Iran.

An energy spokesman said that, in view of general price rises for oil, "consumption growth must be reduced and greater efforts made to raise domestic production." As Hungary imported over half its energy, the Government would soon announce "broad economies" to help reduce increases in consumption, the journal said. These economies are expected to include wide-ranging price increases in the new year, as well as intensified development of other energy sources. The interview indicated that natural gas production would be stepped up.

The OPEC oil price increase has caused considerable concern among East European countries which fear that the Soviet Union—their main oil supplier—will follow suit.

Reuter adds from Moscow: Mr. Valentin Mesyats, the Soviet Agriculture Minister, has told a Press conference that next year's Soviet grain target would be 227m tonnes.

Last year's target was 220m tonnes, but a record 235m tonnes was harvested. This, Mr. Mesyats said, would enable the Soviet Union to build up livestock, with the long-term aim of easing the meat shortage.

GOTHENBURG UNEMPLOYMENT

Learning from Britain's problems

BY ROGER BOYES, RECENTLY IN GOTHENBURG

GOTHENBURG city officials rank high in Sweden's dedicated band of Britain-watchers. Their skills are devoted to analysing Britain's social and economic problems as they search for clues to Gothenburg's future. "We don't," said one shipping executive with remarkable candour, "want to end up like England."

This concern stems essentially from the number of the city's jobless which, by Swedish standards, has reached dangerously high levels. True, an official figure of 9,000 unemployed out of a working population of some 250,000 would be regarded as unexceptional even enviable by most West European cities. But the elaborate structure of the Swedish welfare state means that much of the unemployment has been concealed in a mesh of retraining schemes and state-aided job creation. Gothenburg's actual unemployment, hovering around the 10 per cent mark, is among the worst in Sweden.

Gothenburg is in many ways the victim of the global recession. Until the early 1970s, Sweden was a major shipbuilding power, second only to Japan in the shipping first division. Not unnaturally Sweden has been reluctant to shed this strength and the Government has ploughed financial support into the stock production of vessels to keep up employment levels, waiting for an economic upswing. Now the country has had to revise its ideas and make sweeping cutbacks. Gothenburg, as the major Swedish shipbuilding centre, has borne the brunt of this shift.

The level of unemployment has created social tensions in Gothenburg and city officials are clearly anxious to avoid these reaching British or even U.S. proportions. An exaggerated response at this stage perhaps. But for Gothenburg the problems of urban decay, mass redundancies and racial frictions are relatively new. "We mustn't let things escalate, it's important to keep the public informed at all times," says Herr Jan Erik Dimming on the city council staff, who has spearheaded a campaign to smooth over race relations in the city.

As the cutbacks in the shipyards have bitten harder, so resentment at foreign workers has grown. "They're taking away our jobs," runs the conventional wisdom. There are 40,000 foreigners working in Gothenburg—14,000 of them Finns and 6,000 from Yugoslavia. The traditional Gothenburg tolerance seems to have worn thin over the past two years. The incidents have stopped short of violent clashes but there have been repeated cases of prejudice and discrimination at the work place.

Herr Dimming's campaign has been designed to show that immigrants are actually helping the city to prosper. Each immigrant saves the city SKr 4,000 (£450) annually in training costs alone. Finns, for example, make up the bulk of

> The problems of urban decay, mass redundancies and racial friction are relatively new to Gothenburg. The city is trying to come to terms with them.

the Gothenburg hospital services yet they are usually trained at home and come to the city as fully qualified personnel. Moreover, the city council argues, the immigrants have not aggravated the tight housing situation because immigrants to Gothenburg are in rough balance with emigrants. In 1977, 17,000 people settled in Gothenburg but 19,000 left the city, many of them to seek work elsewhere.

Gothenburg's extensive redundancies have forced the city to institute comprehensive re-training schemes. In October, 5,000 workers were being retained by the city while 1,560 were enrolled in company schemes. Most of the retrained workers were employed by the State-owned shipyards Swedyards which has had to cut back capacity sharply over the past two years. Some of the workers had transferrable skills—the welders for instance—and they were taken on without trouble by Volvo which has its headquarters outside Gothenburg. But most of the workers are middle-aged without readily adaptable skills. It is among these, that social problems abound: Social workers report cases of alcoholism, of broken marriages and, even of suicide attempts.

For example, the latest legislative proposals, presented by the government last month suggest that shipbuilding capacity should be cut back by an average of 20 per cent by the end of 1980. Two thousand jobs have already been lost to Gothenburg over the past two years and a further 2,000 will go by 1980. The government has also confirmed the shutting down in 1979 of the Eriksberg yard in Gothenburg which had a turnover of Skr 1.2bn (£138m).

The government has, of course, been reacting to the recession which has plunged the world shipping market into the doldrums. The tanker market is weak and the dry cargo market is still feeling the effects of the recession in the steel industry and the decline in iron ore and coal transportation.

However, the main job generator in the area is Volvo and the city is clearly looking to the corporation to absorb many of the redundancies from the shipyards and other sectors. The company claims that it creates about 1,000 new jobs annually. The trade unions however have complained that Volvo's recent deal with Norway will export jobs from the Gothenburg area because of the transfer of the Volvo Penta subsidiary to Norway and the creation of some 3,000 new positions in Norway. These jobs—300 in the Penta subsidiary and the rest in a new research division—could all have stayed in Gothenburg, the unions argue. But Volvo, maintains that the long-term prosperity of the company will ultimately benefit Gothenburg's employment situation.

City officials are closely following what they believe are parallel developments in Britain—relatively accessible by ferry over the North Sea—for possible hints. How are they coping in Merseyside? How can we sophisticate our re-training procedures? The Swedes are eager to learn but there is not much consolation to be found in the British model.

Ecevit calls meeting on anti-terror measures

By Our Foreign Staff

MR. BULENT ECEVIT, the Turkish Prime Minister, is to meet the country's top generals and martial law commanders today to discuss measures to be adopted in the fight against terrorism.

Last weekend's death toll of over 100 has brought to nearly 800 the number killed in political violence this year. But in the year that his Government has been in office, Mr. Ecevit has so far been unable either to tackle the economic problems which his Government believes provide the soil for extremism or ensure that the security services act effectively and even-handedly against the individuals involved.

One month ago his Government warned NATO leaders of the threat to democracy in Turkey and urged them to back his efforts to raise fresh foreign credits. Sources close to him believe that Chancellor Schmidt of West Germany will raise this issue at the forthcoming Guadeloupe summit.

The OECD's efforts to provide an emergency fund have apparently come up against the problem that members want a lead from the U.S.—and such a lead is, according to State Department officials, dependent on a Congressional vote. Such a vote, Turks fear, could require Turkey to make concessions on Cyprus.

In the meantime Mr. Ecevit faces a rough ride at home. Having just overcome disagreements from his coalition partners over what they consider the high degree of state involvement laid down in the 1979-83 five-year plan, he now faces a vote of censure from the opposition. He is forecast to survive this, even though his own left wing is critical of the increasing trend towards the erosion of the liberties they believe essential. Meanwhile at the meeting today sources close to Mr. Ecevit expect him to tell the generals that he is disturbed at the failure of MIT, Turkey's Central Intelligence Agency, to send the government any reports on the Kahramanmaras massacres until these were over. He is also known to be concerned at the slow way that the police is responding to his efforts to make it a less partisan and more effective force than the one he inherited.

Background to crisis Page 12

Danish GDP up by 1.5%

By Hilary Barnes

COPENHAGEN, Denmark's real Gross Domestic Product increased by 1.3 per cent in 1978, compared with 2 per cent in 1977, according to estimates by the Bureau of Statistics. In value terms the GDP rose by 9.5 per cent in 1977 and 11 per cent this year.

While exports in volume terms increased by 3.5 per cent, the same rate as in 1977, private consumption spending fell by 1 per cent compared with a rise of 1 per cent last year. Fixed investment rose by 0.5 per cent this year compared with a decline of 3 per cent in 1977, while public sector consumption rose by 3 per cent this year compared with 2.5 per cent in 1977.

Meanwhile, a recent Gallup poll shows that a 43 per cent majority would vote against Danish membership of the EEC if there was a referendum now, while only 39 per cent would vote for membership. The poll showed little change compared with the poll in February this year, when 40 per cent said they would vote against membership and 38 per cent for.

Smith says resigning Minister plans to leave Rhodesia

BY TONY HAWKINS

SALISBURY — Mr. Ian Smith, the Prime Minister, last night accused Mr. Rollo Hayman, the Minister of Internal Affairs, who announced his resignation on Wednesday, of making plans to emigrate from Rhodesia.

Mr. Smith said he had been told that Mr. Hayman was planning to leave Rhodesia and had accordingly informed the former Minister that it would be "right and proper" for him to resign.

"From experience, I have found that in some cases when people have made up their minds to leave Rhodesia they adopt an unbalanced and defeatist attitude," the Prime Minister said. "Therefore it would have been wrong for Mr. Hayman to continue in office. Mr. Smith said he was pleased that Mr. Hayman had accepted his advice and followed "the only honourable course."

In his resignation statement, Mr. Hayman made no reference to any plans to leave Rhodesia. He said he was resigning on a matter of major disagreement with the Government and that he planned to fight his Parliamentary seat in a by-election early in the New Year.

Mr. Hayman was also sharply criticised for defeatism by Mr. David Smith, the Deputy Prime Minister and Finance Minister. Mr. Smith said that Mr. Hayman knew that the transitional Government was doing everything possible to prevent a Marxist take-over of Rhodesia, "by establishing a democratic and stable majority-rule government through free and fair elections."

Mr. Smith said that if Rhodesia followed Mr. Hayman's advice and handed over its affairs to a British administrator, the Government would be deprived of any control over its own affairs in the future.

The Rev. Ndabaningi Sithole's ZANU said it welcomed the departure of "a disillusioned right-winger."

More than 2,000 whites emigrated from Rhodesia last month to give a net migration loss of 1,834—the largest monthly figure yet. In the 11 months to November, 1978 Rhodesia suffered a net outflow of 10,938 whites, the largest such loss in any calendar year.

With the December figure likely to exceed 2,000, it seems probable that the migration loss for the year will be around 13,000 compared with 10,900 last year. That would mean a 5 per cent fall in the white population in the past year.

So far this year the number of new white immigrants has fallen more than 20 per cent, averaging only 380 a month. The November figure for white immigration of 223 was the lowest monthly figure since the 1940s. The 1978 total of less than 4,500 will be the worst in more than 25 years.

Mounting emigration reflects widespread white concern about the country's future. By the end of this year, the white population will have fallen from 263,000 a year ago to about 250,000. The black population will have increased by nearly 260,000.

Meanwhile Combined Operations Headquarters has announced the murder of a German-born Roman Catholic missionary — the 30th missionary casualty in the six-year anti-guerrilla war. Father Gerhard Peiper was shot on Boxing Day by a gang of 30 ZANLA guerrillas loyal to Mr. Robert Mugabe.

In other incidents, the communique said two black members of the security forces had been killed by guerrillas and nine black civilians had been murdered. Security forces had killed 15 guerrillas, four guerrilla collaborators and a catte rustler.

Waldheim delays reply to Namibia proposals

BY OUR OWN CORRESPONDENT

UNITED NATIONS—Although Britain and the other Western members of the Security Council are eager for the UN to renew negotiations quickly on the proposed Namibia settlement, Dr. Kurt Waldheim, the Secretary-General, appears in no hurry to respond to the latest South African conditions.

A UN spokesman said yesterday that Dr. Waldheim was still studying the text of the communication he received last Saturday from Mr. Pik Botha, the South African Foreign Minister.

The spokesman denied that a decision on whether or not to return Mr. Martti Ahtisaari, the UN special representative, to Namibia would be taken by the end of the week. (Mr. Botha invited Mr. Ahtisaari to go to South Africa and Namibia as soon as possible to complete consultations on outstanding issues, such as the size, composition and location of the UN Transition Assistance Group (UNTAG), which would maintain security and supervise and control pre-independence elections.

Regardless of Western wishes for the utmost speed, Dr. Waldheim is expected to authorise Mr. Ahtisaari to leave only if the African frontline states and the South West Africa People's Organisation (SWAPO) agree. He turned down a similar invitation last October when African approval was denied.

Mr. Botha listed five conditions for U.N. involvement in Namibian elections. The first is potentially the most troublesome—that "there shall be no reduction of the South African troop strength in the territory until there has been a comprehensive cessation of violence and hostilities."

The Western plan, approved by the Security Council in September, calls specifically for the withdrawal of all but 1,500 South African troops and their replacement by a U.N. security force of 7,500 men.

Mr. Botha also mentioned other "serious matters," which he said the Namibian parliament, chosen in early December, had raised. These included a demand that the U.N. publicly dissociate itself "from the forces of anarchy and terror" if SWAPO did not end violence.

Mr. Botha devoted a separate letter to this subject, which is taken here as a sign that it is not a serious condition and that a UN refusal to reject SWAPO at this stage should not become an obstacle to final agreement.

The Namibian Parliament, chosen under South African-supervised elections, is not considered here to have legal authority.

Dr. Waldheim is presently away from New York on holiday, after which he is to pay official visits to Mexico, Jamaica and Cuba. No meeting of the Security Council on Namibia appears likely before the middle of January.

Unfortunately, two of the five Western States which initiated the Namibia settlement plan will by then have ceased to be Council members. West Germany and Canada complete their two-year elected terms on December 31. They will be succeeded by Norway and Portugal.

Editorial Comment, Page 12

New Uganda defence chief

NAIROBI — Major-General Mustafa Adrisi, the Ugandan Vice-President, has been replaced as Defence Minister, Uganda Radio announced. General Adrisi returned home last week after eight months in Cairo recovering from leg injuries received in a mysterious car accident.

The radio, in a broadcast monitored here, said President Idi Amin had appointed Major-General Ibrahim Mondo as the new Defence Minister. It gave no reason for the replacement.

General Adrisi was flown to Cairo for treatment last April of multiple leg fractures suffered in a car accident on the outskirts of Kampala. It was widely believed that the accident was part of a plot to assassinate him. While in Cairo, General Adrisi had denied that there was any breach between himself and President Amin.

The radio said President Amin had made two other Cabinet appointments. The Director of the State Research Bureau, his secret police which has been blamed for many of the killings and political murders, has taken over the post of Minister for Internal Affairs formerly held by the President. Captain Noah Mohamed has been ousted as Minister for Commerce and has been replaced by the Ministry's Permanent Secretary.

The radio announcement did not make it clear whether General Adrisi will continue to hold the office of Vice-President. He has long been viewed as a potential successor to President Amin and a rival for the leadership.

AP

● **John Worrall adds:** In a New Year speech to a meeting of senior government officials, President Amin announced an amnesty for all exiled Ugandans who have left the country since 1971, when he came to power.

The exact figure is not known but there are estimated to be at least 15,000 Ugandan exiles in Kenya, Tanzania, Zambia, Britain and elsewhere in Europe.

President Amin said that the American embargo on Ugandan coffee had not stopped its sales in the U.S. "Buyers are getting our coffee through third parties and it is fetching high prices," he said.

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Hong Kong prime lending rate raised to 9.5%

HONG KONG — The prime lending rate was raised by 0.75 per cent to 9.5 per cent yesterday—the third rise in just over two months.

A further rise had been expected, however, because of continuing official concern over the weakening of the Hong Kong dollar relative to major trading currencies.

The Hong Kong currency has declined by 13 per cent on a trade-weighted index basis since the beginning of this year, and yesterday continued its decline with the index slipping from 93.9 to 93.1.

In the stock market, too, there was an adverse reaction to the decision by the Exchange Banks Association to raise lending and deposit rates with effect from January 2. The Hang Seng Index in the stock market slipped back 3.6 points to 500.09.

Hong Kong's best lending (prime) rate was last raised on November 7 by 1.5 percentage points after being raised also in late October. Since then the prime has risen by 3.5 percentage points or by more than 50 per cent.

The rate has been raised five times altogether this year, the most recent rises reflecting not only a response to upward adjustments elsewhere but also an awakening official realisation of the need to stem overheating in the stockmarket and property market and inflation. The latest *rate rise is seen as a move* to cool domestic demand which was a contributory factor to the record trade deficit of HK$7.82bn reported in the first 11 months of this year.

Hong Kong's new deposit rates will be: 7.5 per cent for 12 months deposits, 6 per cent for six months and 5.25 per cent for three-months, seven days and call and savings deposits.

Gold-buying worries for Japan

By Yoko Shibata

TOKYO—Increased purchases of gold by individuals are causing concern to the Japanese Government.

Gold imports for the first 11 months of this year rose sharply to 90,151 kg, double the figure for the corresponding period last year. Imports from Britain increased by 3.7 times to 26,665 kg, *making the UK the* second largest supplier of gold to Japan after Switzerland which exported 55,503 kg.

The large growth in imports is outrunning domestic demand. Gold sales for industrial use, accessories and dental use, which accounted for 70 per cent of total demand, increased by 30 per cent over the comparable period of 1977.

According to the Ministry of Finance, quarterly gold sales under the category of "others" in the April-June and July-September quarters trebled and most of the increase is believed to have been accounted for by sales to individuals.

Gold hoarding, in addition to the recent surge in stock market *and land prices is prompting* comparisons with the "crazy inflation" of the early 1970s.

According to the Precious Metal Association, the question of redenomination of the yen which surfaced in the spring added to active gold purchasing by individuals.

The possibility of redenomination has faded with the departure of Mr. Takeo Fukuda, as Prime Minister, since he was well known *as an advocate of* redenomination. But individuals are believed to be hoarding gold now through fear of another round of inflation.

Egypt seeks $21bn injection

BY ROGER MATTHEWS

CAIRO, Egypt is looking to the industrialised and Arab *nations* to provide a staggering $21bn in all forms of assistance and investment during the next five years, it was revealed yesterday.

President Anwar Sadat, in outlining the government's 1979 budget strategy to a closed meet*ing of the dominant National* Democratic Party said on Wednesday he would be seeking the co-operation of the United States, West Germany, Japan and those Arab states that wished to participate in a "massive economic transformation" of the country.

There was little evidence however of the "radical" structural reforms that the President has been promising. He announced that there would be no change in direct subsidies paid to maintain the prices of essential commodities, which it is estimated will cost the exchequer just over £E1bn (U.S.$1.4bn) next year. Ten years ago the subsidy figure was a mere £E20m and rose from 3 per cent of the gross domestic product in 1973 to 8 per cent in 1977. At least another £E300m is being added to next year's budget for the cost of indirect subsidies.

While Cairo newspapers splashed the subsidies decision —an attempt to tamper with subsidies nearly two years ago *led to three days of serious riot*ing—it was stressed that parallel proposals to increase revenue via price rises for such items as beer, cigarettes, soft drinks, petrol and television sets, would be subject to debate within the National Democratic Party. The implication is that the suggested increases could be modified if there was strong public resistance and it is for this reason that President Sadat is understood to have postponed a visit to upper Egypt.

Prime Minister Mustapha Khalil has added that the overall budget deficit for next year would be £E1.7bn, a surprisingly low figure given that the current year's deficit is likely to be at least £E2bn. He said that £E1.2bn of the 1979 deficit would be financed through "local savings" and the remaining £E500m through "other means." These would include postponing "some debts," increasing taxes *and curbing expenditure.*

But Mr. Khalil warned that the recent decision by petroleum exporting countries to raise prices by a total of 14.5 per cent next year would have an effect on the cost of foodstuffs and he also promised that military expenditure would rise. President Sadat said last week that £E1bn had been earmarked for military spending next year.

The Prime Minister also said that 1979 would see a big increase in government investment, rising from £E1.8bn this year to £E2.56bn in the coming 12 months. There must however be scepticism about the ability *of the country to digest such* sums, especially as some $600m of investment funds have not been utilised in the current year.

The predicted size of the budget deficit, and especially the amount that needs to be financed through bank lending, *is of paramount importance for* the Government as it affects its right to continue drawing from the Special Drawing Rights 600m extended facility that it negotiated with the IMF this summer. As the blessing of the IMF in turn has an effect on would-be investors in Egypt the final draft of the budget, expected to be known in about three weeks, has some relevance to Mr. Sadat's hoped-for $21bn.

Tunis bans opposition newspaper

By Tanya Matthews

TUNIS—The Tunisian Government has put a three-month ban on the publication of the opposition paper, Er-Rai (Opinion). No official explanation has been given.

But an editorial in the French-language daily, La Presse, says that the editor of Er-Rai (Mr. Hassib Ben Ammar), a former Minister of Defence, and his *team of Social Democrats,* believe that the Tunisian leadership is "sick." They also argue, according to La Presse, that social degredation in Tunisia is accentuated by economic failure and political oppression.

In its last three issues Er-Rai has been asking: "Who is *responsible for the events of* January 26—the day of the general strike which degenerated into clashes between demonstrators and the army, with an official death toll of 56.

Er-Rai's criticism of the Government coincides with the approval by the National Assembly of the 1979 budget, which stresses the development of the poorest agricultural areas and efforts to reduce unemploy*ment.* Energy, dam construction and the development of small industries have been given special priority.

Mr. Hedi Nouira, the Prime Minister, said the Government's policies were aimed at reducing inequalities in Tunisian society.

THE CRISIS IN IRAN

West confident about oil supplies

BY SUE CAMERON

THE MAJORITY of industrialised nations seemed confident yesterday that the Iranian oil strike would not seriously disrupt their supplies of crude.

Iran is the world's fourth largest producer of oil—coming after the USSR, the U.S. and Saudi Arabia—but it is the second biggest exporter of crude with earnings in the region of $650m a day. The country usually accounts for nearly 10 per cent of the world's total crude production. But the political turmoil in Iran and the accompanying strikes have *sent production of crude down* from its normal level of 5.7m barrels a day to less than 500,000 barrels. This is not sufficient to meet Iran's own domestic needs —home consumption is usually some 700,000 barrels a day.

Japan, the U.S. and Western Europe are the chief export *markets for Iranian crude but* the countries likely to be hardest hit by the oil strike are those which have State-to-State supply deals—countries such as South Africa and Israel.

About 90 per cent of South Africa's oil comes from Iran and the Government there has *now appealed for conservation* at home while seeking alternative sources of supply abroad. South Africa has been building up reserves in case of sanctions but it seems unlikely she would want to break into these purely to avert what everyone hopes will be a temporary supply crisis.

Israel imports about 50 per cent of her 7m tonnes a year from Iran—until a few years *ago the figure was nearer 70* per cent. But 20 per cent of her oil now comes from Mexico those which have state-to-state agreement signed last year. A further 30 per cent of Israeli oil comes from the Alma field in the Gulf of Suez and in the past two weeks production from *the Alma oilfield has risen con*siderably as further developments there have come on stream. The U.S. has promised to help with supplies in the event of a crisis and Israel also has her own reserves of oil. In the short term, therefore, there seem to be few fears.

Among Western industrialised nations there seemed to be a general feeling yesterday that the situation in Iran would have a greater impact on prices than on supplies. One reason for this is that some of the major oil companies have been stockpiling crude during the last three *months in response to the* expected price increase announced by the Organisation of Petroleum Exporting Countries earlier this month.

Japanese diplomats in London said that they did not expect Japan's industry to be too hard hit by the cutback in Iranian supplies. Japan, which has no oil of her own, imports about 40m tonnes of Iranian oil — 17 per cent of her total consumption — but it was felt that the country has sufficient supplies to last for the next three or four weeks at least.

The Soviet Communist Party daily Pravda has alleged that a U.S. "special group" had been sent to the U.S. Embassy in Tehran to help find ways of keeping the Shah in power, Reuter reports from Moscow. Pravda commentator Pyotr Yevgenyev quoted reports that personnel sent to reinforce the U.S. Embassy consisted of 60 people, including State Department and Central Intelligence Agency officers.

The U.S. imports a similar amount of oil from Iran in normal times — about 4 per cent of total consumption — but *it seems likely that the U.S. will* also be able to adjust her supplies by boosting domestic production and importing from elsewhere.

Much of Iran's oil exports are normally controlled by a consortium of multinational companies known as the Iranian Oil Participants (IOP). The biggest interest in IOP is held by British Petroleum which has a 40 per cent holding. Next comes *Shell which has a 14 per cent* interest while Mobil, Gulf, Texaco, Chevron and Exxon all have a 7 per cent interest. The Ifricon group has a 5 per cent interest and Total has 6 per cent.

BP's 40 per cent share coupled with its one-third *dependence on crude intake* from Iran means that the UK is likely to feel the impact of the Iranian cutback more than most other West European nations.

The biggest dread of the oil companies is that production in Iran will be shut down *altogether* for a long period. If this happened, it would take some time to start the oil flowing again—no matter how dramatic an improvement there were in the political situation —for purely technical reasons. And if there were a lengthy halt on exports—for several months *or more—the impact in volume* terms would start to bite. Japan, for example, could then find its supplies being seriously affected.

Israel delays fuel decision

By L. Daniel

TEL AVIV—Despite the suspension of oil exports from Iran, *Israel* has not yet decided to put into operation an emergency programme or ask the U.S. to make good on its undertaking to supply Israel with oil if supplies are interrupted by a boycott or for other reasons.

This was stated here by the Israel Energy Minister, Mr. *Yitzhaf Modai.* He added that in recent months the quantity of oil which arrived in Eilat for pumping through the Eilat-Ashkelon-Haifa pipeline had come to only two-thirds of that previously landed (some of this oil is for Israel, and some for customers abroad, who receive *it in tankers which load at Ash*kelon, on the Mediterranean). However, the Minister did not rule out the eventual activation of the emergency programme.

Chinese protesters seek Hua meeting

PEKING — A group of young people have come to Peking to report a general strike in South China—an action allowed in the country's constitution but regarded as a startling development by diplomats here.

The group of 28 from Yunnan province unfurled a banner in snow-covered Tien An Men square on Wednesday, where they said they would stay until a meeting was arranged with *the Communist Party Chairman,* Hua Kuo-feng, or vice-chairman Teng Hsiao-ping.

The 28 said they represented *50,000 young* people sent to one district of Yunnan province to do farm work after leaving high school. They handed out a leaflet that said a general strike among the 50,000 began at noon on December 9 in Hsishuang Panna district "to resolutely oppose the local *leaders who* trampled on the human rights and respect of intellectual youth." The action occurred during a national conference in Peking on the programme of sending educated young people to the country. The meeting, which began on October 31 and ended on December 10, was told the programme would be phased out.

Meanwhile, a new poster has gone up on Peking's democracy wall further questioning the role of the city's former Mayor Wu Teh in suppressing riots in April 1976, and saying he should be removed from his top party and state posts if he lied to the country's leaders.
Reuter

John Hoffmann adds from Peking: China has repeated its *invitation to the Dalai Lama* to return to the Tibet he once ruled. The call was made by Panchen Erdeni Chuji-Geltsen, who was a senior associate of the Dalai in the Tibetan Government. Panchen Erdeni joined the Chinese when Tibet was taken over in 1959. The Dalai Lama fled into India where he has lived in exile, making frequent demands for the restoration of Tibetan independence.

Strike stops Indian banks

NEW DELHI — Banking operations in India were halted yesterday as over half a million bank workers went on a two-day strike to back their demands for higher pay. The strike hit *Government-owned, private and* foreign banks.

Agitation by bank employees during the last two weeks has *disrupted clearance of cheques* in several cities, blocking several million rupees worth of payments.
Reuter

New Zealand Reserve Bank warning of danger to recovery

BY DAI HAYWARD

WELLINGTON — New Zealand can expect a consumer-led recovery in internal economic activity in 1979 as a result of recent government-fiscal policies says the New Zealand Reserve Bank in an end of year review.

However, care will be needed to ensure the recovery does not *move too rapidly and thus* threaten the chance of further reductions in New Zealand's high rate of inflation or adversely affect its balance of payments position.

During the first six months of 1979 export prices should increase at a faster rate than import costs. This should reduce the overseas current account deficit and improve New Zealand's terms of trade says the review.

The bank warns that beyond June 1979 increased demand for imports as a result of consumer demand is likely to create a *deterioration in the balance* of payments.

New Zealand's biggest economic problem is the annual bill for invisibles. The current account deficit for the year ended September 1978 was NZ$505m (£267m). This was NZ$313m worse than the previous year.

This higher deficit was in spite of an improvement in the trade surplus of NZ$206m to a surplus of NZ$461m for the year.

The invisible bill was NZ$966m.

The New Zealand Government is obviously worried at the rapid increase in the "invisibles" deficit particularly as there are no signs of any improvement.

The improvement in the balance of trade figures in the past year has been mainly due to a fall in imports caused by New Zealand's internal economy suffering a severe recession.

The Reserve Bank says "it is vital that New Zealand further reduce its rate of inflation." *The chances of achieving this* will be lessened if the domestic economy develops too rapidly warns the bank.

During 1978 New Zealand made some progress in reducing inflation. The annual rate of increase in the consumer price index for the September half year came down from 17.8 per cent in 1977 to 10.77 per cent in 1978.

The inflation rate at September 1978 was 11.1 per cent—the lowest since June 1974. The main factors in reducing inflation were the relatively low increase in import costs, reduced demand, *lack of growth in the economy, monetary and* fiscal policies and an extremely slow movement in house property values.

The Bank warns, however, that wage and salary increases now being negotiated and the rate of growth in the major monetary aggregates mean the prospect for a further substantial reduction in the inflation rate is not particularly good.

New Zealand's internal retail trade has declined consistently since 1974. This fall seems to have reached bottom at the end of 1977 and early 1978. Some small improvements were recorded in the first half of 1978 and are expected to accelerate over the coming six months. Consumer demand received con*siderable stimulus* from the restructuring of the tax rate which came into effect in October and from massive payments of back pay to more than 200,000 civil servants.

Easing of hire purchase regulations in the latter half of 1978 stimulated sales of consumer durables, *particularly* television sets and motor cars.

One of the key indicators in New Zealand's internal economy is *house building.* In 1978 construction of new homes fell to what the reserve bank calls "historically low levels."

AMERICAN NEWS

BALTIMORE CANYON OIL EXPLORATION

Mobil announces seventh dry well

BY DAVID LASCELLES

NEW YORK — Fears that the Baltimore Canyon, the once-promising oil exploration site 100 miles off the New Jersey coast, may turn out to be a big disappointment were strengthened yesterday when Mobil announced a dry well.

Mobil's failure to find either oil or gas brings the total of dry wells drilled in the area so far to seven.

However, with a further two wells showing traces of hydrocarbons, one of them described as "encouraging," the oil companies are reluctant to write off the site, particularly with further lease auctions due in the New Year.

Mobil's announcement was particularly disappointing since the company had been drilling on the Baltimore Dome, the largest potential oil-bearing structure in the region. Three other companies, Shell Oil, Conoco and Houston Oil and Minerals, also failed to find hydrocarbons in wells drilled to depths of 17,000 feet and more.

Interest has now switched to the three remaining structures in the area, all of which lie close to the edge of the Continental Shelf. The most promising is the northern one where Texaco announced in August that it had found significant reserves of gas.

The company said yesterday that the second well it was drilling in an effort to determine the size of the deposit had been logged to a depth of 17,000 feet, suggesting that a further announcement could come in a few weeks.

Prospects there are mixed since Exxon's well slightly to the south turned out to be dry, and the results of its second well there will not be known for some time.

Also promising is the structure due south of this one where Gulf found traces of hydrocarbons last month. Both Exxon and Houston Oil and Minerals are still drilling here.

The fourth, and most southerly, structure, which is being explored mainly by Shell, so far has turned up nothing.

However, the oil companies are saying little about their findings in the Baltimore Canyon, presumably since much of their drilling is aimed at discovering more about the area's geological structure. This will provide valuable information for the next round of lease auctions due in February.

The size of the bids should give a good clue to the level of the oil companies' enthusiasm, which is hard to assess. The most any of them will say just now is that the disappointments so far are insufficient reason to dismiss the whole region.

In terms of the whole U.S. oil and gas exploration effort, the Baltimore Canyon occupies a prominent position, but this is due more to the fact that it lies unusually close to large population and consumption centres. Even if the most optimistic forecasts materialise, the canyon would increase U.S. gas reserves by only 5 per cent and oil reserves by 3 per cent.

Boost for Carter's China policy

WASHINGTON — A key U.S. Congressional leader says Congress is powerless to block President Jimmy Carter's new China policy and that critics should concentrate on doing the best they can for Taiwan under the circumstances.

Mr. Clement J. Zablocki (Democrat, Wisconsin), Chairman of the House of Representatives International Relations Committee said. "We're going to see what we can do to salvage what the President has done. I think there are a few in Congress who are going to be hellbent against it, but I'm not in that group."

Mr. Zablocki's decision not to try to reverse Mr. Carter's decision came after an announcement by Democratic Senator Frank Church of Idaho supporting the President's action.

Because Senator Church is the incoming Chairman of the Foreign Relations Committee, his stance, and that of Mr. Zablocki, seems to indicate the administration's China policy would have little difficulty surviving challenges by their committees.

Mr. Zablocki said his staff has already found that Congress might have to revise the basic foreign military sales act if it wants to continue the flow of U.S. arms to Taiwan.

He noted that the law limits such overseas arms sales to Governments, and that President Carter's new policy does not recognise Taipei as the Government of the Chinese people.

The move to switch formal recognition from Taiwan to the People's Republic brought an outcry from conservatives. Late last week Senator Barry Goldwater, an Arizona Republican, filed a suit here in an effort to nullify the President's companion decision to terminate the nearly 25-year-old U.S. defence treaty with Taiwan, unless Congress concurs.

Meanwhile Taiwan has reportedly sold a building in New York City because it fears that the building will become the property of the People's Republic when the U.S. officially recognises Peking on January 1. The Daily News reported that the building, which houses the Chinese Information Service, has been sold to a private individual for about $300,000.
AP

Cleveland Mayor rescinds decision to lay off workers

BY DAVID BUCHAN

WASHINGTON — The weeks-long financial crisis facing Cleveland, the largest city in Ohio, appeared yesterday to have receded, after Mr. Dennis Kucinich, the city's Mayor, cancelled his decision to lay off some 1,600 city workers next month, and postponed the redundancies of 400 others.

This followed an announcement by Cleveland's largest bank, the Cleveland Trust Company, which holds $5m of the $15.5m loans on whose repayment the city defaulted at the end of November, that it would not take court action to collect its money until after February 27.

This is the date for the voters in Ohio's largest city to decide whether or not to approve a 50 per cent increase in the city's payroll tax, and the sale of the municipal power company. The agreement to put these two proposals to the ballot, reached last week, marked at least a temporary respite in the bitter quarrel between the 32-year-old Mr. Kucinich and the leader of the City Council, a dispute that has made a major contribution to the city's political and financial crisis.

City officials hope other banks will follow the lead of Cleveland Trust. Before the Mayor's decision to rescind most of the layoffs, which he had earlier warned were inevitable, both the police and firemen's unions had threatened they would go to court to block the redundancies, while the firemen also looked likely to go on strike in protest.

Businessmen face fraud charges

BY DAVID LASCELLES

NEW YORK—Three U.S. businessmen, one a former treasurer of a leading copper company, have been accused by the U.S. Attorney's office of conspiring to obtain multi-million-dollar loans for their businesses by fraudulent means from a number of banks, one of them in London.

The three men are Mr. Charles Kraft, former treasurer of Anaconda, Mr. Nicolas Reisini, president of Robin International, an international business promotion organisation, and Mr. James Fallon, president of General Acquisitions Corporation, a real estate and construction promotion organisation.

The U.S. Attorney's office said Mr. Kraft had pleaded guilty to three counts of conspiracy and fraud. The other two defendants, against whom eight charges, including conspiracy and fraud, have been filed, are to be arraigned next week.

The Attorney's office's indictment charges that the three men allegedly claimed that Anaconda had a business relationship with ventures they were promoting, in order to obtain bank loans totalling $34m. Mr. Kraft, it is alleged, told lending banks that Anaconda would guarantee the loans.

Among the lending banks named are Singer and Friedlander, Bank of New York, Bankers Trust, Banque de Paris et des Pays-Bas Belgique, Marine Midland, and Wells Fargo.

The indictment says that $19m of the loans were in default.

A spokesman at Singer and Friedlander in London said yesterday that his bank had arranged a $40m short-term facility for Anaconda in 1971, but this had been fully repaid, and there were no outstanding liabilities.

U.S. close to Somoza aid cut-off

BY DAVID BUCHAN

WASHINGTON — The cutting off of all U.S. economic aid and the withdrawal of U.S. military advisers from Nicaragua is "a distinct possibility," State Department officials said yesterday, after President Anastasio Somoza's refusal to agree to an internationally administered plebiscite on his future rule in Nicaragua.

U.S. officials are not yet ready to pronounce completely dead the mediation effort in the Nicaraguan conflict, which the U.S., Guatemala and the Dominican Republic have undertaken on behalf of the Organisation of American States. The Nicaraguan opposition parties have accepted the idea of a plebiscite on condition that it is supervised by outside observers.

The three-nation mediation team is due to report to the OAS secretariat in Washington, probably next week.

A senior State Department official said on Wednesday that President Somoza's insistence that any plebiscite should be administered by Nicaraguan officials could affect "the whole gamut of relations with the U.S."

Officials in Washington doubt whether such economic pressure will cause the Nicaraguan President to relent, but are nonetheless contemplating cutting off the remaining $23m of economic aid that is in the pipeline for Nicaragua.

President Somoza threatened on Wednesday that he might invade Costa Rica to attack anti-Somoza guerrillas there. State Department officials believe the threat might be bluff.

Vatican envoy flies to Chile

BUENOS AIRES — Antonio Cardinal Samore, the Vatican envoy, flew to Santiago, Chile, yesterday, to continue efforts to prevent war between Argentina and Chile over territorial rights at the tip of South America.

Cardinal Samore met Sr. Jorge Videla, Argentina's President, for long work sessions on Wednesday. Sr. Carlos W. Pastor, the Foreign Minister, also attended. The Cardinal also met the three members of the military junta.

Last minute bid to save El Salvador hostages

BY HUGH O'SHAUGHNESSY

STRENUOUS efforts are being made behind the scenes to ward off the threatened killing tomorrow of the two British bankers being held by the Armed Forces of National Resistance (FARN) guerrilla group in the small Central American republic of El Salvador.

Mr. Ian Massie, 46, and Mr. Michael Chatterton, 45, who headed the Bank of London and South America in El Salvador, were abducted by the FARN on November 30 and have been held since.

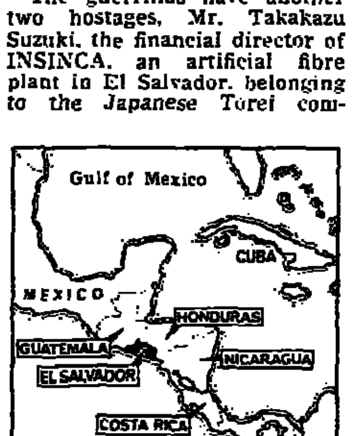
The guerrillas' terms for their release include the payment of a heavy ransom, the publication of a FARN manifesto in the local press and the release by General Romero's Government of five political prisoners.

So far, considerable negotiations with the FARN has not broken the deadlock. While Lloyds Bank, the parent of the Bank of London and South America, has signified its willingness to negotiate and therefore presumably to pay ransom, the Romero Government has claimed that it has no political prisoners and has pointed to a law which forbids the publication of guerrilla manifestos in the local newspapers.

The British Government, which the FARN has been urging to intervene in the affair, has said it does not negotiate with those holding hostages and has rejected the FARN demands. The guerrillas have now said that they will kill the two British bankers at 1800 GMT tomorrow if their conditions are not fulfilled.

Both the guerrillas and the Government have much at stake. Members of the FARN, a left wing group which is being hunted intensively by the Romero forces, stand to lose money, prestige and possibly their lives if the kidnapping does not produce results.

The guerrillas have another two hostages, Mr. Takakazu Suzuki, the financial director of INSINCA, an artificial fibre plant in El Salvador, belonging to the Japanese Torei company, and Mr. Fritz Schuitema, head of the Dutch Philips local company.



The Romero Government also has much to lose. General Carlos Humberto Romero took power after elections which were widely regarded as fraudulent. The disturbances in neighbouring Nicaragua, where General Somoza is being challenged by guerrillas and the civilian population, could well be repeated in El Salvador.

Social conditions in Nicaragua and El Salvador are similar, with a large impoverished mass at the bottom of society and a small élite at the top. In Nicaragua the élite includes the Somoza family and its immediate adherents, and in El Salvador, the so-called "fourteen families." In both countries the Catholic church is pushing hard for change.

The Romero Government cannot afford to show weakness in the face of the guerrilla challenge, lest the whole shaky political edifice falls. It does not want its human rights record examined in public or its systematic use of torture scrutinized, as a British parliamentary delegation attempted to do earlier this month.

It also has a number of domestic embarrassments to deal with, such as the predicament of Major Carlos Solorzano of army intelligence, who is charged with leading an ambush on a messenger carrying $60,000 in wages.

General Romero has rejected pleas by Mr. Yuichi Hayashi, the Japanese ambassador, that INSINCA be allowed to do its own deal with the FARN.

One possible solution now being canvassed is that the Romero Government and the FARN be persuaded to release their "political prisoners" simultaneously, as a gesture of New Year good will.

The FARN might think that its image would be enhanced by the action, and it would remove the logistic problem of hiding the businessmen.

The Romero Government might think that it was worth putting an end to a situation which is scaring off the foreign investment the General wants. INSINCA has already sent 25 members of its employees' families out of El Salvador, some back to Japan.

WORLD TRADE NEWS

Iberia joins growing list of Airbus customers

By David White

PARIS — Iberia, the Spanish national airline, yesterday placed a firm order for four aircraft from the European Airbus Consortium, bringing the list of customers for the wide-bodied A300 to 20.

The A300B4 aircraft are due for delivery in February and March, 1981, and the airline has options on four more for delivery a year later.

The order follows a deal for two A300B4s and the same number of options from Philippine Airlines. Negotiations for the Philippines contract, worth $89m including spare parts, were concluded a week ago. The value of the Iberia deal was not disclosed.

Iberia is also one of the five airlines which have already made commitments to buy the next generation of airbuses, the smaller 200-seat A310, due to be on sale in four years' time.

The others are Lufthansa, Air France, Swissair and Eastern Airlines. In addition to these, which account for over 60 aircraft, Alitalia has also hinted it may buy the new airbus rather than the rival Boeing 767.

The latest deals top up Airbus Industrie's order book for the A300 to 123 firm sales and 53 options. This year has brought the joint venture nine new clients, 70 firm sales and 12 options.

EEC Commission promises tighter textile procedures

BY RHYS DAVID

THE EEC Commission has promised Britain that much tighter procedures will be introduced to ensure that limits on textile imports from the Mediterranean Associate countries are observed, Mr. John Smith, the Trade Secretary, announced yesterday.

The assurance follows Britain's agreement before Christmas to lift the reserve it had placed on deals which the Commission has been negotiating with eight countries covering textile imports next year.

Some increases in the global ceilings affecting the eight most sensitive textile products is being conceded by Britain but in return the Commission has said it will strengthen the mechanism for ensuring that limits are observed in three main ways, Mr. Smith pointed out in a letter sent to the British Textile Confederation and the TUC.

In this way it is hoped that the problem which has arisen in the past year—failure by some of the EEC associates to observe limits placed on them and the reluctance of the EEC authorities to take action to check the flow from these countries—can be avoided.

The first new measure is a so-called warning bell mechanism so that when the restraint level agreed between the EEC and the supplying country is 75 per cent used up consultations will be set in hand. This, according to Mr. Smith will enable action to be taken in good time, before rather than after, individual limits have been breached.

Secondly the Commission has agreed to engage safeguard procedures promptly if agreed limits are not respected or if consultations do not achieve satisfactory results.

Thirdly, Mr. Smith points out where it is not possible to reach a negotiated solution the EEC will notify the supplying country unilaterally of the limits to be imposed on it.

British acceptance of the EEC assurance has paved the way for the remaining negotiations with five EEC associates, including Portugal the most important supplier, to go ahead. Britain has also now ratified agreements already negotiated by the Commission with Greece, Spain and Morocco.

The assurances have been given only a guarded welcome however by the British Textile Confederation. Director Mr. Ian MacArthur yesterday praised the firm stand taken by Mr. Smith but expressed concern at the further erosion of the global ceilings on textile imports into the Community which will now occur.

"The clear undertakings which the U.K. has obtained regarding the enforcement of agreements should certainly be a market improvement over the previous arrangements. Their effectiveness, however, depends entirely on the willingness of the Commission and of the member states to carry them through and to do so promptly," he said.

Indian foreign investment code

BY K. K. SHARMA

NEW DELHI — The Indian Government has issued a list of industries in which foreign investment and collaboration is not considered necessary, but added that a considerable degree of flexibility would be exercised when dealing with foreign investment proposals of this kind.

This was explained on the basis that, although India has developed a broad technology base, there is a constant need to update production technology along the lines of the advanced countries. Hence all Ministries of the Government have been allowed to consider the import of technology.

This is a considerable liberalisation of policy and will be permitted under conditions when indigenous technology is not available for use by new entrepreneurs on competitive terms or if the foreign technology is needed to make domestic industry efficient or competitive in the export market.

It will also be allowed if the import of technology is for the manufacture of items with substantial exports backed by buy-back guarantees.

Administrative Ministries are also being delegated powers to approve foreign collaboration proposals provided there is no foreign equity participation involved, if the item to be manufactured is consistent with the Government's industrial policy and if the foreign exchange outflow on account of royalty and other charges is less than R500,000 (about £30,000).

The "illustrative list" of industries in which foreign investment or collaboration is under 22 headings and consists of units in which the country is largely self-sufficient.

These are metallurgical industries, electrical equipment, electronic components and equipment, scientific and industrial instruments, transportation, industrial machinery of some kinds, machine tools, agricultural machinery and miscellaneous mechanical engineering industries.

Also included was commercial and office equipment, medical and scientific appliances, chemicals of various kinds, dyestuffs, drugs and pharmaceuticals of various kinds, paper and pulp, consumer goods, vegetable oils, rubber industries, leather and leather goods, glass and ceramics, and cement and gypsum products.

Arab meeting finalises oil price formula

By Leslie Mitchell

KUWAIT — Oil ministry officials from Kuwait, Saudi Arabia and Iran have met here to finalise details of last week's decision by OPEC to widen the price spreads between light and heavier crudes to make heavier crudes more attractive to refiners.

Sheikh Ali Jaber al-Ali al-Sabah, head of Kuwait's crude oil marketing committee, said that OPEC oil ministers had decided at Abu Dhabi to deduct 5 U.S. cents a barrel from the present official prices of Saudi Arabian medium crude, Kuwait 31 API and Iranian heavy, and then apply the phased 14.5 per cent increase for next year. It was also decided, he said, to deduct 10 cents a barrel from the gulf crudes with an API of less than 30 before applying the percentage increases.

The meetings here were merely to work out the "nitty gritty" of the formula, a participant said. Iraq opted not to attend.

The decisions mean that as of January 1, when the first 5 per cent increase is applied, Kuwait 31 API will cost $12.83 a barrel as opposed to its present price of $12.27 a barrel. Iranian heavy will be $13.062 a barrel from January 1 as opposed to its present price $12.490 and Arabian medium, which now costs $12.3225 a barrel will cost $12.89. Saudi Arabian heavy now priced at $12.0156, will be $12.51.

Polish warning on effect of OPEC decision

By Christopher Bobinski

WARSAW — A senior Polish Government official has warned that Poland will have to economise on oil, coal and power consumption following the recently announced OPEC oil price increases scheduled for next year.

Mr. Henryk Pruchniewicz, the first deputy chemical industry minister said in a newspaper interview that Polish exports would have to go up next year and more Polish cargoes would have to be carried by the Polish merchant fleet as a result of the OPEC move.

According to Mr. Pruchniewicz, Poland will be importing 20 per cent of its oil from the OPEC countries in 1979 and the price increase will add around $33m to Poland's hard currency oil bill. The remaining 80 per cent of Poland's oil would come from the Soviet Union.

The interview makes clear that the authorities are expecting a 10 per cent increase in the price of the oil-based products that Poland imports. If this were the case the Minister says another $120-150m would have to be spent on imports next year.

This figure comes after foreign trade plan which foresees a cut in Poland's hard currency trade deficit from this year's estimated $1.1bn to a deficit of $500-700m in 1979.

The OPEC decision, the Minister says, "will undoubtedly deepen the trend towards recession in the West" and thus probably bring with it more protectionist barriers which will hit Polish and other Socialist countries' exports to the West.

● A Polish-Japanese consortium will sign a Y80bn ($10m) contract early next year to build two integrated chemical fertiliser manufacturing plants in the eastern Algeria, industry sources said in Tokyo.

The Japanese partners Hitachi Shipbuilding and Engineering Company and Marubeni Corporation said they were continuing negotiations with Sonatrach, but declined further comments.
Reuter

Pakistan-Kuwait project

BY CHRIS SHERWELL

ISLAMABAD—The Pakistan Government has signed its third agreement with an Arab country for the establishment of an investment company as a joint venture. In a deal with Kuwait, the two countries will set up the Pakistan-Kuwait Investment Company, with an authorised share capital of $25m.

The agreement follows two similar deals recently with Libya and Saudi Arabia for the establishment of larger $100m joint venture companies.

As with these, Kuwait as the foreign country, will supply half the share capital in the form of foreign exchange—in this case dollars—and Pakistan will furnish the rest in rupees.

The Pakistan government says the company has been established to give assistance to industrial enterprises in the country through the provision of long-, medium- and short-term finance and managerial and technical advice.

Half of the six-member board will be appointed by the Pakistan Government, while the remainder will be appointed by the Kuwait foreign trading, contracting and investment company.

Chemical plant contracts concluded with China

FRANKFURT—Lurgi Gesellschaften said its subsidiary Lurgi Kohle und Mineraloeltechnik had received orders from China for an ammonia plant and a methanol plant.

Informed sources said the value of the combined orders was about DM500m (£134m) and added the plants were due for start-up around 1982. No confirmation was immediately available from the company.

Lurgi said the ammonia plant would have a daily production capacity of 1,000 tonnes while the methanol plant will have a daily capacity of 300 tonnes.

Meanwhile a consortium of four Japanese companies has won a Y40bn order to build four petro-chemical plants in China, consortium member Mitsui Petro-chemical Industries said. The order, due for completion by 1983, was placed by the China National Technical Import Corporation.

The other participants in the consortium are Mitsui Engineering and Shipbuilding, C. Itoh and Kasho Corporation. The plants are to be built at the Shanghai petrochemical combine and the Fangshan petrochemical complex near Peking.

In another deal, Pullman Incorporated said its Pullman Kellogg division had received a multi million dollar contract to help build a petrochemical facility in China. While Pullman would not specify the contract's amount, it said it would bring "tens of millions of dollars of export trade to the U.S."

Pullman said the facility will consist of processing plants to produce meta-cresol, a chemical used to make pesticides—butyl hydroxy toluene, a stabiliser used in plastics manufacture, and acetone, an industrial solvent.
Agencies

Swiss see plastics recovery

By John Wicks

ZURICH — Swiss exports of unprocessed plastics rose by some 1½ per cent during 1978, according to a study published by the Union Bank of Switzerland, after a 4 per cent rise in production volume.

Earnings were unsatisfactory on both home and foreign markets, however, due to falling price levels. Due to large overcapacities in Western Europe and a sharp rise in supplies from Eastern Europe, prices were under pressure for the bulk plastics (polyethylene, PVC, polystyrene and polypropylene) which account for 70 per cent of the market.

For 1979 the bank forecasts a slight rise in output but an improvement in turnover due to a certain recovery of prices.

Increased competition and insufficient profits resulted from substantial over-capacity in the field of processed plastics.

Hoechst-Brazil venture

BY ADRIAN DICKS

BONN — Hoechst, the West German chemical group, has announced a joint venture project in Brazil for construction of a 60,000 tonne a year low pressure polyethylene plant.

The plant is to be built as part of Brazil's third petrochemical pool at Porto Alegre, in the state of Rio Grande do Sul. Hoechst is to have a 40 per cent stake in the venture (for which no price has been revealed), with Refinaria de Petroleo Ipiranga taking a further 40 per cent and Petroquisa-Petrobras Quimica taking up the remaining 20 per cent.

In addition Hoechst, the world's biggest producer of low pressure polyethylene, will supply the technology and design for the new plant which is expected to come on stream in the second half of 1982.

Hoechst or its subsidiaries currently produce low pressure polyethylene in West Germany, Australia, India, South Africa and Spain. A sixth plant is shortly to open in the U.S.

It has also been announced that Hoesch Tecna, a subsidiary of the Hoesch-Estel Dutch-West German steel group, has announced that it is to supply and built a turn-key factory for production of prefabricated building parts to Egypt.

Israel seeks Swedish steel expertise

By L. Daniel

TEL AVIV—Negotiations to obtain the know-how to produce highest-quality steel are being conducted with a Swedish company by Urdan Industries, the metal-working division of CLAL Industries (itself a subsidiary of CLAL, Israel's largest investment company).

The plant is to produce 30,000 tonnes of steel a year, to be used in the manufacture of machinery and moulds for plastics.

The investment required is $35m-$40m, but the plant will be located in a development area, which means that it will be eligible for large Government loans and grants, accelerated depreciation and tax reliefs.

To provide the necessary capital for this and the expansion of the other six plants in Urdan Industries, it is intended to float a I£130m issue, to be under-written by Bank Hapoalim. I£50m will be earmarked for purchase by the company's workers and some shares have been set aside as a rights issue to CLAL Industries.

19% rise in Irish exports

BY OUR OWN CORRESPONDENT

DUBLIN—Exports from the Irish Republic rose by 19 per cent in value in 1978, surpassing the growth rate of the eight other countries in the EEC.

The Irish Export Board's trade review, to be published today, says that total exports grew by about £460m to £3bn. The volume growth is expected to exceed 11 per cent.

The largest contribution to overall expansion came from manufactured goods which increased by £247m to £1.63bn. Food, drink and tobacco are estimated to have advanced by 21 per cent to £1bn, while exports of live animals increased by 24 per cent to £190m.

The review says that despite the good export performance the growth rate still fell short of what was needed to meet the country's job creation requirements.

The Export Board says that the country's dependence on the UK as its largest export market has steadily lessened and last year 47 per cent of total exports went to Britain—almost the same as in 1977. For the first time over 30 per cent of total exports went to the other EEC countries.

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EEC to monitor cheap ship rates

By Lynton McLain

BRITAIN and other EEC countries are to monitor freight services on liner shipping between Community members and East Africa and Central America from January 1 in an attempt to quantify the Soviet presence in those liner trades.

The plan was agreed at the EEC Council of Transport Ministers, meeting in Brussels last month.

Mr. Stanley Clinton Davis, UK Under-Secretary of State for Trade, said after the meeting that there was overwhelming evidence that EEC shipping companies were suffering through Soviet competition in shipping.

Rates on the East Africa and Central American conference shipping lines were 10-15 per cent higher than those offered by Soviet flag vessels, according tot Whitehall sources.

However, the General Council of British Shipping and the British Shippers' Council said that the undercutting by Soviet vessels operating on the conference lines was up to 30 per cent below established shipping conference line rates.

The EEC Transport Ministers refused to sanction countermeasures against the Soviet fleet. No action beyond the monitoring scheme is expected for at least six monthe when cargo data will be evaluated by EEC officials.

Mr. Igor Averin, head of the foreign relations department at the Soviet Merchant Marine Ministry, said before last month's EEC meeting that discriminatory measures against Soviet shipping would not be left without a reply.

French join in Channel safety plan

AN ANGLO-FRENCH plan to improve the safety of navigation in the English Channel comes into effect on January 1.

The masters of certain categories of vessel most likely to be potential sources of pollution or a navigation hazard will be invited to report to shore stations as soon as they enter the shipping separation zones set up in the Channel six years ago to reduce the danger of collisions.

The scheme is voluntary and will operate for six months. All loaded oil tankers and gas and chemical carriers over 1,600 gross registered tons may participate inthe reporting scheme.

The scheme is the result of discussions between members of the Anglo-French Safety of Navigation Group which met in September.

It has been responsible for recommending other improvements to Channel safety. In August 1976, new radars came into use at St. Margaret's Bay and at Dungeness. In June last year, a joint contingency plan, the Mancheplan, was launched to deal with maritime disasters in the English Channel and the Dover Strait.

Britain may top U.S. tourist league

BY ARTHUR SANDLES

SO MANY Britons have been to the U.S. for their holidays in the past year that the UK may have overhauled Japan as America's prime source of overseas tourist traffic.

In the summer peak period, three Britons for every two Japanese tourists were there, and by this year's end, more than 700,000 UK residents will have made the journey.

Tumbling air fares and a weak dollar have proved so tempting to the British that the midsummer rise in traffic was nearly 42 per cent. By the year end the Americans expect a 33 per cent total rise.

Japanese traffic to the U.S. tends to be less seasonal than that from the UK, so that at the end of the year the Japanese, who last year accounted for 750,000 visitors to America, might end up ahead by a nose. But, as one American tourist official said last night, "We definitely have a horse race."

The boom in traffic from Europe generally—between 20 and 30 per cent from most countries—has so swamped U.S. immigration officials that collection of figures is slipping further and further behind schedule.

The American immigration department has yet to work out how many foreigners entered the U.S. in August: there were too many to count in a country that has never regarded itself as a tourist destination.

A big political row is brewing within the U.S. since President Carter plans to disband the $13m-a-year U.S. Travel Service, which markets America overseas, as part of overall reductions in Government spending.

As for the present boom, the service said yesterday that until fairly recently, although most Britons dreamed of going to the West of America, they usually stayed on the East Coast because of the costs of going further.

"That is not true any longer. Lower fares and more direct routes mean that, more and more, the British are heading for California and the West in general."

West Coast

The airlines confirmed that traffic over the past few months has been remarkable and that bookings for the coming season are impressive.

TWA's package tour programme, Getaway America, showed a 140 per cent increase in bookings during 1978, reflecting an enthusiasm for U.S. holidays that British Airways confirms.

TWA says: "Now everyone wants to go to the West."

The travel service says that its research indicates that low fares, rather than a cheaper dollar, have produced the rush.

"The increase has been from Europe. In mid-summer Japanese traffic showed a decline, and yet it is against the yen that the dollar has been weakest. But the Pacific is still a dearer ocean per mile to cross than the Atlantic."

Michael Donne, Aerospace Correspondent, writes: More European airlines hope to be able to introduce cheap fares to Australia on the lines of those becoming effective on February 1 between the UK and Australia.

Airlines negotiating with Qantas, the Australian airline, and the Australian Government include Lufthansa of West Germany, KLM of Holland, Alitalia of Italy and Yugoslavian Airlines.

Alitalia hopes so complete an agreement during the first week in January for cheap off-season fares between Rome and Sydney. Yugosalavia is to hold talks with Australia in the New Year on cheap fares from Belgrade.

The new British Airways-Qantas rates between London and Australia range from £334 return in off-peak periods to £588 in peak months.

They have attracted substantial business, with many flights in February full and those in March filling up.

Cab drivers oppose fares plan

BY LINTON McLAIN

LONDON taxi drivers are expected to reject the recommendations of a Home Office commitee which has been investigating the case for higher taxi fares.

The Licensed Taxi Drivers Association applied to the Home Office in July last year for a 29 per cent rise in London cab fares.

The Home Office agreed to an interim rise of 10 per cent last December, but it is now understood to have completed its investigations. Permission for a further rise—which may be around 15 per cent—is expected to be granted in the New Year.

This would fall short of the estimated 25 per cent rise the association believes is necessary to meet the shortfall outstanding from the summer of 1977 and the rise in the cost of living in the 12 months since the last increase.

Mr. Arnold Sandler, chairman of the association, said he had not been told of the level of the proposed increase, but less than 25 to 30 per cent would be "totally unacceptable."

Taxi drivers could not accept a rise of 15 per cent, as it would be another year to 18 months before a further application for a fare increase was likely

He said they had been forced to wo rk 65-hour weeks to avoid making a loss, he said. Many direvers were breaking the law by refusing uneconomic journeys.

Refusal to accept the recommended level of increases could lead to a confrontation with the Home Office, Mr. Sandler said. A campaign may be started to remove control of taxis from the Home Office.

£30m micro-chip plant planned

BY JOHN LLOYD

MOSTEK, one of the leading U.S. semi-conductor companies, said last night that it would shortly announce the establishment of a plant to manufacture microcircuits in either the Irish Republic or Scotland, representing an investment which might be as high as £30m.

Mr. L. J. Sevin, the company's president, said a number of European countries had been considered by Mostek for the plant, which will produce chips mainly for the European market.

He confirmed that the choice now lay between Eire and Scotland, in part because "they appear to speak something approaching English in both places."

Mostek executives are still discussing details of aid schemes with both the Irish Industrial Development Authority and the Scottish Development Authority, which are competing hard for the project.

Once the Mostek plant reaches full production—which might take two to three years—there are expected to be jobs for up to 2,000 people.

Two U.S. companies already have chip manufacturing plants in Scotland—Motorola in East Kilbride and General Instruments in Glenrothes.

Parsons lands £7.5m Irish generator order

BY JOHN LLOYD

THE C. A. Parsons division of Northern Engineering Industries has won a £7.5m order to supply two 44.5-MW turbine generators to the Electricity Supply Board of Ireland. That brings the value of turbine generator orders received by Parsons this month to about £20m.

The generators will be installed at two separate power stations, Shannonbridge and Lanesborough, which are already equipped with Parsons plant.

Chemical companies in farm sprays row

By Christopher Parkes

TWO OF THE biggest chemical companies operating in the British market are involved in a complex wrangle over patent rights on agricultural sprays and fungicides.

They are the German-based BASF (UK) and Dupont of the U.S.

Cropsafe, a Wiltshire company, is also involved in a battle with BASF, although the German company has recently made its peace with Fisons, another competitor in the £150m-a-year UK farm chemicals trade.

The trouble started when BASF published a statement claiming that its German parent company held patent right on mixtures of chemicals. To support its claims, it cited the 1977 Patents Act which came into force in June this year.

Farmers have long been accustomed to mixing many chemicals together to make fungicidal, weed-killing and nutrient "cocktails" for their crops, the object being to make as many applications as possible with one run. Companies are plainly powerless to prevent this.

Breach

In the past it was not considered a breach of patent rights if a company recommended mixing chemicals to produce the effect of another company's patented blend. Now BASF says that such recommendations constitute "contributory infringement" under the Patents Act.

BASF said the arguments were unlikely to lead to court action. "We are not attacking anyone. But if our patents are attacked we have an interest to defend them."

The patent covers a mixture for protecting wheat from fungus and stiffening the straw.

BASF is claiming alleged infringement by Dupont. It is also alleging breach of patent by Cropsafe over a spray for sugar beet.

National Theatre hopes for extra grant

By Antony Thorncroft

THE BOARD of the National Theatre is hoping for a special maintenance grant similar to the upkeep money which supports national museums and art galleries. If a grant — possibly from the Department of the Environment — is approved, money from the Arts Council could be devoted to new productions.

Lord Rayne, the Board's chairman, wrote to Mr. Healey, the Chancellor, in October, asking for the theatre's financial future to be put on a secure footing, and the Board is now hoping for good news in the next few weeks.

The National's £1.2m annual maintenance costs have to be met before any play is staged and take an excessive amount of the Arts Council subsidy.

Sir Geoffrey Howe promises prosperity under the Tories

BY RICHARD EVANS, LOBBY EDITOR

NEXT YEAR must be the year in which it once again becomes worthwhile for Britain to work, Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, declared in a New Year message that will underline the significance 1979 is certain to have for the major political parties.

According to Sir Geoffrey, it will be the year in which the British people wil decide to recover their self-respect and when a fresh Conservative Government will be given authority to set the country on the road to economic recovery.

The aim of a Tory Government would be the curbing of State spending and borrowing, cutting personal taxation and slashing red tape. It wanted to make "Britain a country in which it pays to be enterprising, to acquire a new skill, to start a new business."

In a catalogue of the less-acceptable facets of 1978, Sir Geoffrey described it as the year of the bloody-minded, when the average citizen found it more and more difficult to count on anything from regular newspaper deliveries and radio and TV programmes, to bread and petrol supplies.

It was the year in which Britain's manufacturers produced less than in 1973. Germany produced three times as many cars as Britain and Britain exported fewer cars than in 1962.

"More than £4bn net benefit from North Sea oil and gas still left Britain with a deficit on its balance of payments, and well over 1m unemployed."

Mr. Michael Heseltine, Shadow Environment Secretary, said in a separate statement that the long-suffering British ratepayers should not have to pay for an expense reform of local government proposed by Labour merely for political purposes.

In his view, local government needed a period of stability in which to run its services properly. Yet Mr. Peter Shore, the Environment Secretary, had succeeded in casting a blight over it by conducting a divisive, party motivated dialogue designed to harvest the maximum of votes for the minimum action.

Call to exclude food and drink from liability law

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FOOD AND DRINK products should be excluded from any legislation to extend manufacturers' liability for defective products, Britain's food and drink manufacturers say in a submission to the Ministry of Agriculture.

Such a move is being considered by the Government in the light of an EEC draft directive.

The Food and Drink Industries Council has told the Government: "On practical grounds and in cost-benefit terms, it would be inappropriate to include food and drink products within any scheme."

It says that its case has support in Whitehall. The strict legal framework under which food manufacturers work, it says, "ensures the quality and safety of their products."

The council says that proving the origin of injury or illness arising from food products is difficult.

The most common type of injury arising from consuming food, it says, is food poisoning. However, experience has shown that food poisoning is rarely due to a defect in the original product as it left the manufacturer or importer.

The council observes that the cost of insurance to cover manufacturers against product liability claims would lead to increased consumer prices.

However, the National Consumer Council, a main advocate of increased product liability in the UK, has pointed out that the extra costs for industry are not likely to be as high as is claimed.

VW and Audi prices up

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE PRICE of Volkswagen and Audi cars will rise by an average of 5 per cent from Monday. The increases will take at least a month to work through to most customers because dealers have large stocks of most models.

Higher manufacturing costs and exchange rate adjustments have caused the price rise, according to Volkswagen (GB), the importer.

It says 1978 will be the best year for VW-Audi sales in Britain since 1973. Sales are up by 38 per cent at 71,000 vehicles, compared with the 21 per cent advance of the total car market over last year.

Britain is now the largest European export market for VW and Audi.

The price increases include: VW Polo N going up from £2,535 to £2,675; VW Golf N from £2,820 to £2,965 and Audi 100 L5S from £5,492 to £5,790.

Christmas viewers switch to ITV

BY LISA WOOD

TELEVISION viewers made a big Christmas switch from BBC television to independent television, says a market research survey published yesterday.

Thames Television, which commissioned a London area Christmas survey from AGB said: "ITV had its highest-ever Christmas night audience."

Preliminary figures show that the biggest changeover was during the peak viewing hours of Christmas night.

Thames said: "Up to four times as many families watched ITV in preference to the BBC. This more than reversed the situation at Christmas 1977."

Programmes

Morecambe and Wise's first Christmas show on commercial television spearheaded the switch. Thames' figures show that 41 families out of every 100 in the London area watched Morecambe and Wise, 11 families watched BBC programmes and the remaining 48 families were either not at home or not watching television.

"Many people spent Christmas Day visiting friends and relatives. Past surveys by Thames suggested that 28 per cent of families spent Christmas with relatives and this survey estimated a further 17 per cent were away from home," Thames said. "Therefore, three out of every four families at home were watching Morecambe and Wise."

Programme makers at Thames were said to be "jubilant" at ITV's claims. All ratings figures are preliminary estimates and the final AGB/Jictar ratings will be published in about 10 days.

Callaghan will visit Barbados

THE Prime Minister will visit Barbados on January 8 after meeting other Western leaders in Guadeloupe on January 5 and 6.

Mr. Callaghan will discuss trade and other subjects with Mr. Tom Adams, Prime Minister of Barbados, before returning to London on January 9.

The Guadeloupe meeting, being held at the invitation of President Giscard d'Estaing, will take the form of personal and informal conversations. President Carter and Chancellor Schmidt are also attending.

Stafford pit plan protest

ABOUT 1,000 objections have been received by the National Coal Board to a proposed £130m super pit near Stafford. The NCB has now decided to stage an exhibition in the town in an attempt to reassure residents.

Colour television market expands

BY MAX WILKINSON

NEARLY 7 per cent more colour television sets were delivered to UK distributors in the first 10 months of this year than last year, according to the British Radio Equipment Manufacturers' Association.

Its figures, out yesterday, also show that deliveries of imported sets increased twice as fast as the total.

The association finds that consumer sales of all radio and television products were disappointing during October and "failed to sustain the gradual improvement that had been seen in the earlier months of the year."

Although stock fluctuations make projections difficult, the figures point to a total UK colour television market of 1.75m sets in 1978 compared with 1.64m last year.

Imports

In the first 10 months of the year, deliveries by UK manufacturers were 79 per cent of the total. However, imports, at 296,000 sets, were 15 per cent up on the corresponding period last year.

Deliveries of monochrome sets, at 1m, were 16 per cent up on the total for the first 10 months of last year. Of that total, UK manufacturers' sets accounted for 55 per cent and imports remained at about last year's level.

In "domestic audio-incorporating radio," which includes music centres, deliveries rose markedly compared with last year. The total for the first 10 months was 2.84m units, compared with 2.61m for the whole of last year. Of that, 87 per cent represented imports.

4,000 jobs boost for Scotland

By Ray Perman, Scottish Correspondent

SCOTTISH companies are to invest at least £575m in 1979, leading to a net increase of more than 4,000 jobs.

A survey by the Scottish Council for Development and Industry shows that confidence is returning to many companies and, in particular, that there is a renewed willingness to invest by U.S. corporations.

The council wrote to 1,800 companies employing between them about 80 per cent of Scotland's manufacturing workforce. Only those who had firm commitments to invest in the next year, or who were going to increase or shed labour, were asked to reply.

The 705 answers received showed that there were definite plans by these companies to spend £479m on new building and equipment. About 8,700 new jobs would be created, but nearly 5,400 existing jobs would disappear.

To these figures the council added its own estimates for small companies employing fewer than 50 people, which were not covered by the survey. It was assumed that these would add about 20 per cent to the totals for investment and net jobs created.

The final figures are likely to be an understimate of the amounts to be spent in Scotland in the coming year since the survey did not cover oil-related industry nor those companies involved in downstream activities directly dependent on oil. Additionally, the survey was confined, of course, to existing companies and new enterprises established during 1979 will swell the totals.

The construction industry is also likely to benefit and the council estimates that about 16,000 jobs could be secured by new building work.

Mr. Peter Balfour, chairman of the Scottish Council, said the surveys findings gave grounds for optimism that unemployment would continue to fall.

Petrocon pays £290,000 in settlement

By Sue Cameron

THE UK-BASED Petrocon oil services group has reached a £290,399 out-of-court settlement over an allegation of breach of contract brought against it and its subsidiary, Offshore Drilling Supplies, in the U.S.

A U.S. petroleum consultant and an American supply company said that the group had failed to honour a contract to buy case piping worth $2.7m. Last October a Texas court ordered Petrocon and Offshore Drilling Supplies to pay $1.113m.

Petrocon, which fought the claim, originally intended to appeal against the decision and seek a new trial. However, Mr. Peter Hodgson, chairman of Petrocon, has informed shareholders that the Board eventually decided against that.

It was felt thta there were "too many uncertainties regarding the application for a new trial and appeal."

Mild autumn cuts use of energy

BY SUE CAMERON

THE MILD autumn weather caused a 0.9 per cent drop in UK energy consumption during the three months ending in October, compared with the same period last year, says the Department of Energy's latest statistical bulletin, published yesterday.

Petroleum consumption between August and October was 4.2 per cent higher than at the same time last year, but this was offset by less use of coal and natural gas.

Coal consumption was down by 2.9 per cent, while natural gas was down by 4.5 per cent and nuclear electricity by 19.7 per cent.

Yet the total electricity supplied in the three months was 1.8 per cent higher than for the same months of 1977.

The total amount of fuel used for electricity generation during the period was 25m tonnes of coal equivalent — marginally higher than last year. The use of coal and oil for electricity generation rose by 2.9 per cent and by over 17 per cent respectively, but the use of natural gas was more than halved.

Refinery output for August to October was 10.7 per cent up on the comparable period in 1977 and the output of aviation turbine fuel rose by more than 25 per cent. Motor spirit, fuel oil and naphtha outputs went up by 11.3 per cent, 12.9 per cent and 16.6 per cent respectively.

During the three months ending in November this year deep mined coal production was 3.1 per cent higher than in the same period of 1977 and opencast output was 1.5 per cent

Coal stocks continued to increase during November, rising by nearly 1m tonnes to total 35.5m tonnes at the end of the month. This is 3.5m tonnes higher than a year ago.

MPs seek review of policy on Iran

BY RICHARD EVANS, LOBBY EDITOR

TWO Left-wing PMs have written to the Prime Minister, calling for an immediate review of Government policy towards Iran.

Both Mr. Callaghan and Dr. David Owen, Foreign Secretary, have been criticised by Labour MPs for their continuing support for the Shah.

Mr. Frank Allaun, Labour Party chairman and MP for Salford East, and Mr. Stan Newens, MP for Harlow, argue in their letters that the unrest in Iran is causing grave concern to both the business community and the Labour left.

Businessmen now recognised that the Shah would probably be forced to step down and that any new Iranian Government would look with considerable disfavour on those who had given his regime unreserved support.

"We should be the last to argue that the British Governtions of commercial expediency to determine its policy, but as you will be only too well aware the argument has been put forward up till now that the economic consequences of speaking out against the present Iranian government would be catastrophic.

"It must surely now be recognised that the economic consequences of failing to speak out may equally be catastrophic and in these circumstances other considerations should be brought to the forefront."

Neither Mr. Callaghan nor Dr. Owen are expected to make any controversial announcement in the immediate future on Britain's relations with Iran. Ministers feel it would be wise to allow events to develop without external influence.

Renewed growth is forecast in 1979

BY MICHAEL BLANDEN

RENEWED GROWTH of the world economy is expected in the second half of next year in the latest forecasts produced by the Economic Models group of researchers.

The strong growth in the first half of this year, the group comments, has not been sustained through the second half. While the confidence expressed by Finance Ministers at the International Monetary Fund talks in September was overdone, the recent pessimism has been similarly exaggerated.

The forecasters say that the growth of world gross national product next year will be only 3.1 per cent, compared with 3.9 per cent this year. The decline is mainly due to slower growth in North America.

Moreover, while the general slow-down is expected to continue into the middle of next year, a strong upturn is expected in the second half "with the growth prospects for 1980 looking very promising."

Growth of the gross domestic product is forecast at 2.8 per cent next year after an increase of 3.4 per cent this year.

The group feels, however, that the cushion of North Sea oil has "not yet had all the stuffing knocked out of it" and that "there is clearly a danger of lost output and employment opportunities."

Looking at the U.S., the group argues that the problem of the dollar will continue into the medium term. It is expected to slide by a further 5.9 per cent in 1979 after a drop of 11.2 per cent in effective terms during 1978.

Coal Board men stay on

BY JOHN LLOYD

THREE MEMBERS of the National Coal Board—including two who had reportedly protested over their salaries—have been re-appointed to the Board for periods ranging from two to five years by Mr. Anthony Wedgwood Benn, the Energy Secretary.

Mr. Norman Siddall, the board's deputy chairman since 1973 and a member since 1971, has been reappointed until December 31, 1979.

Both Mr. Siddall and Mr. Donald Davies are believed to have protested strongly over the level of board salaries, which often means members are less well paid than senior officials.

Mr. Davies, the member with special responsibility for marketing and open-cast activities who was first appointed in 1973, has been reappointed until September 30, 1983. Mr. John Mills, the member with responsibility for mining and production, who was first appointed in January, 1974, has been reappointed until December 31, 1983.

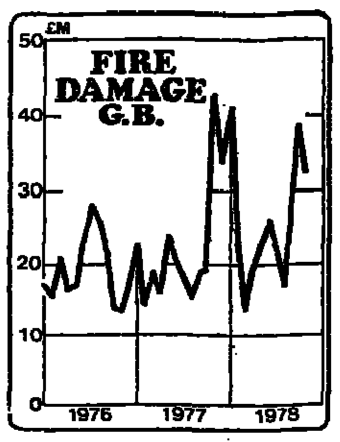
It is not known if the acceptance of reappointment by Mr. Siddall and Mr. Davies means that their their dissatisfaction over salary levels has been allayed by the announcement earlier this year that nationalised industry board members would receive increases phased over a three-year period.

Costs of fire damage at record £287.9m

By Eric Short

FIRE DAMAGE costs in Britain this year are already at a record £287.9m with figures for December still to come.

Yesterday's announcement by the British Insurance Association that fire damage costs for November totalled £32.2m brought total damage figures for the 11 months of this year to the record figure, compared with £261.7m for the whole of 1977—itself a record annual figure.



The figures for last year were seriously increased by the firemen's strike, which sent costs for the last two months soaring to record levels. This year, only January's figures were affected by the strike. November's costs, although £6.6m lower on the month, exceeded £30m for the third successive month. Over these three months, damage figures have been nearly double the average for a normal year.

The most significant feature of this year's fire damage costs has been a marked increase in the number of really big fires, where damage has amounted to at least £1m in each case.

There were a further three such fires in November bringing the number so far this year to 36. This number is well up on last year. November's major fires occurred at an oil complex at Hull, a needlemakers at Walsall and a printers in Preston.

Last month, there were also a further 16 fires where damage in each case was estimated to be at least £250,000, and another 78 which cost at least £35,000 each.

£5.6m plan to extend runway

By Rhys David

PLANS BY Manchester Airport to extend its runway by 800 ft—part of a £21m lengthening and strengthening scheme—have been put before local councils in the area.

The airport, Britain's busiest outside London, is due to go ahead next spring with a £15.4m rebuilding of the existing runway and is hoping the lengthening—to more than 10,000 ft—which will cost a further £5.6m, can start as this project nears completion.

The improvements are designed to safeguard the Category A international gateway designation for Manchester made in the Government's recent White Paper on airports. They also will enable long-haul operators to use their aircraft at more economic capacity levels as well as providing an extra safety margin for landings.

The airport authority, drawn from Manchester City Council and the Greater Manchester county, decided earlier this year not to proceed at this stage with an alternative scheme which would have involved the building of a second runway.

However, the improvements now proposed are expected to cope with traffic growth up to 1990, when the number of passengers handled is estimated to reach 6m compared with the present 2.75m.

Strengthening of the runway is due to start in March and will involve night closure of the airport until October and again between March and August in 1980 when the work is expected to be completed.

Why administrators live longer

BY PAUL TAYLOR

WHITEHALL OFFICIALS live longer than messengers and civil servants are healthier if they take up sport, stop smoking and use stairs instead of lifts, according to medical reports published this week.

The reports, based on three medical studies of Whitehall civil servants, appear in the current issue of the Journal of Epidemiology and Community Health.

The first, called Employment, Grade and Coronary Heart Disease in British Civil Servants, shows that Civil Service messengers are four times more likely to die from coronary heart disease than department administrators.

The study, involving 17,500 men over more than seven years, found that the risk of coronary heart disease was lowest in administrators and increased gradually over the next five grades studied.

During the study, 1,086 of the sample group died, 462 from coronary heart disease. Messengers stood the highest risk and tended to have higher blood pressures, blood sugar and cholesterol levels.

Twice as many messengers smoked cigarettes as did administrators and messengers were less likely to undertake "active" leisure-time pursuits. Professional and executive grades were found to run twice the coronary heart disease risk of administrators, and clerical workers three times the risk.

The study suggests that those differences cannot be accounted for by the recorded differences in such matters as smoking habits, blood pressure and height, and calls for further research to determine whether other factors, such as diet and social life might explain the results.

A second study, on relationship between leisure-time exercise and the death rate of nearly 18,000 executive officers showed that only 1 per cent of a sample who undertook vigorous exercise died of heart disease, compared with 4.3 per cent of those who took no vigorous exercise.

Vigorous exercise includes sports, such as swimming tennis or hill climbing, keep-fit exercises, climbing more than 450 stairs a day, and heavy work such as digging, tree felling, sawing or concreting.

The third study attempted to examine the success of a campaign to persuade civil servants to give up smoking. The campaign involved interviews with a doctor who explained the hazards of smoking, but although the results were successful—more than half those involved gave up smoking after a year—the report says that many smokers not involved in the campaign also gave up.

Further studies with larger sample groups are needed before the true effectiveness of the anti-smoking campaign can be judged, the report says. About 600,000 men and women die every year in England and Wales, 160,000 because of coronary heart disease.

ENERGY REVIEW: COAL

BY DAVID FISHLOCK

Facing up to the pitfalls of high technology mining

MECHANISATION OF coalmines during the 1950s and 1960s took different courses in different countries. The German coal industry went for the plough. In the U.S. they developed the continuous miner. Britain pursued the Anderton shearer loader, first demonstrated successfully in north west England in 1952.

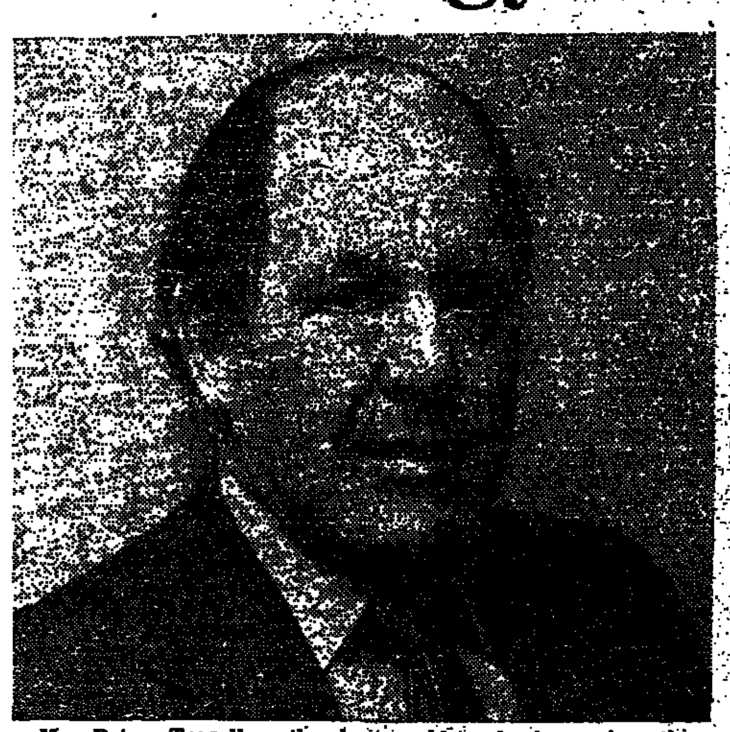
A quarter century of continuous development of the Anderton shearer loader has brought this machine to the point where not only are Britain's new mines such as Selby and Belvoir being planned around the latest versions, but major markets have begun to open overseas. The U.S., South Africa, Australia, Romania, and most recently China, are all prospective markets for the most highly powered versions. They will exert some 400 hp through their rotating picks to chew their way along the coalface.

The National Coal Board in Britain owns about 3,000 Anderton shearer loaders—costing up to £200,000 per machine. About 1,250 are in use at any one time, on 850 coalfaces—up to three simultaneously on some of the most productive faces. The rest are in process of being moved to a fresh face or, more probably, being repaired or renovated. As Mr. Peter Tregelles, the mining engineer in charge of the NCB's Mining Research and Development Establishment at Bretby, near Burton-on-Trent, puts it, the key short-term problem is to find means of improving the running time of the coal winning machines. The reliability of a machine, which is still being stretched to ever higher performance, is central to this problem.

Bretby has set itself some tough targets. In the early 1960s the life between overhauls for the Anderton shearer loader was 100,000 metres of coal-cutting. Some 50 per cent of the NCB's purchases achieved this performance without a single failure requiring the machine to be brought up from the coalface to the workshop for repair. A major overhaul costs about half the price of a new machine, but even this is small compared with the cost of interrupted production if the overhaul is unscheduled.

Unremitting attention to reliability has improved the figures three fold: 300,000 metres between overhauls, with 50 per cent of machines achieving that distance. Moreover, the best today go on to reach 500,000 metres. But it still means that six or seven machines must be set up during the lifetime of a coalface.

Ideally, a machine would cut a complete face 200 metres in length—some 2m metres all told —between overhauls. Given round-the-clock cutting, this would take the machine about 15 months. "A little bit of a pipe dream," confesses Mr. Geoffrey Knight, who is in charge of rotary testing at Bretby. Yet in the best circumstances he believes the NCB could closely approach it even with today's technology.



Mr. Peter Tregelles—the key problem is improving the running time of the coal winning machines.

Reliability has been a major objective for two decades at Bretby, but never more than today, when it is absorbing one-fifth of a total annual research budget of £15m. The £3m is aimed chiefly at the new equipment worth £150m a year which the NCB is buying for its national plant pool; that is, on equipment related to the production and conveyance of coal. (The NCB's total capital budget was £535m.) On the production side it involves working with a dozen British companies, some of which are offshoots of U.S. organisations. With all the peripheral equipment, however, the number is over 200 companies.

Testing

"Across the whole spectrum, failure on first showing is alarmingly high," says Mr. Knight. "First showing" is the phrase used when Bretby is testing a prototype machine fresh from the maker—which will already have done its own development testing. Designers, Mr. Knight says, are often surprised by the poor performance of their products at Bretby. "They have made sincere efforts" —but their testing facilities will inevitably be more limited than those of Bretby. Often their experience will be confined to testing only their own company's products. The main reason why the NCB has invested heavily in its own reliability facilities is that, historically, testing of new equipment was done down the mine — which made miners extremely cautious of accepting any innovation. Even when a colliery manager was persuaded to try something new, there were serious difficulties in evaluating new equipment accurately and fairly under conditions prevailing at the coalface.

Recently, the NCB's operational research team in London has been making statistical surveys of the causes of hold-ups at the coalface. These provide Bretby's data bank, helping to identify the areas to which it should give priority to helping to improve the products of its suppliers. The data is also valuable for assessing changes in performance as new equipment, procedures and practices are introduced.

One recent example of the worrying initial performance by a product on Bretby's "machine breakers" is that of a new generation of hydraulic pumps, operating at up to 3,000 pounds per square inch, which is twice the standard pressure. All models submitted for testing failed on first showing—and again when tested a second time. Another example is Mr. Knight's experience in testing electric motors. Of 30 supplied for one series of tests, 24 failed to meet the specifications to which their manufacturers claimed to have designed them.

In the case of the Anderton shearer loader, manufacturers have suffered an additional complication for this very high duty machine has been constantly stretched in performance. As Mr. Knight puts it, "reliability has been consciously mortgaged to get other advantages from the machine." For example, the original fixed-head machine has given way to one with the cutting head at the end of a flexible arm. Power to this arm has been increasing steadily from 75 kilowatts to 150kW and now, in the latest versions on trial in Britain, 300kW. And industry is working on designs for 750kW machines. At the same time there has been considerable pressure to restrict the size of the machine, in order to give it maximum flexibility in the thinnest possible coal seams. Moreover, the quest for a better mining environment has obliged designers to reduce dust—by cutting the speed with which coal is cleaved.

The upshot, says Mr. Tregelles, is a rather remarkable machine —"the equivalent in power of a London bus at the end of an arm, mounted on an unstable base." The NCB will put a dozen of the latest 300kW machines on to coalfaces during the coming year, in a major trial organised by Bretby. (Bretby itself spends a quarter of its budget, or £3.5m to £4m a year, buying new equipment for demonstration in mines.) If the demonstration is successful the 300kW machine will be used to equip Selby, the new 10m tons a year pit being sunk in Yorkshire. It is a superb technology, Mr. Tregelles says confidently, one that will certainly carry the Coal Board through to the end of the century.

But Bretby's job is far from finished. For example, it wants to give miners more warning of any deterioration in the performance of this machine. Can it obtain advance warning of impending machine failure and perhaps avoid the necessity for an unscheduled replacement of the machine? Vibration patterns from bearings are showing promise as indicators of the health and wellbeing of mining machinery. They have already proved successful in the case of mine ventilation fans, a critical item. A fire in such a fan could easily cause the death of everyone in the mine. The law requires the industry to check these fans every half-hour. Bretby's researchers have identified a band of vibration frequencies which is always perturbed by any incipient bearing failure in the fan. About 400 mine ventilation systems throughout Britain are today automatically monitored for any perturbations in vibration originating in their anti-friction bearings or fan impellers.

Vibration

For the past two years researchers at Bretby have been trying to extend the same "health care" principles to more intricate items of machinery such as big gearboxes. Some idea of the complexity of vibration patterns from such machines can be gauged from the fact that they have measured about 400 modes of vibration in a typical 90kW gearbox. The question now is whether they can isolate modes that are specifically perturbed by impending failure in a particular part of the machine.

The full value of sophisticated monitoring of this kind will be realised when British mines are making extensive use of computer control and monitoring, as is planned by the NCB. Minos, the Mine Operating System evolved during the 1970s at Bretby, is a system of computer control which from its initial piecemeal demonstrations is already considered a winner. The enthusiasts claim that it will repeat the dramatic leap forward in mine productivity obtained in the 1960s by the introduction of the Anderton shearer loader machine.

Urban councils 'are failing to use aid'

BY PAUL TAYLOR

TOWN AND city councils in England have failed to use the Government's urban aid programme and its funds to give sufficient support to local community initiative, the National Council of Social Service says in a report published today.

The council, which promotes and supports voluntary social work and is partly funded by the Government, particularly criticises local authorities' handling of the programme and of project bids.

The report says that local authorities often fail to keep voluntary organisations aware of their intentions, to involve them in planning new projects, to stimulate volunteers' involvement; and that councils are unhelpful over programme procedure.

It suggests means of improving the system and increasing voluntary organisations' involvement in more systematic plans for tackling urban deprivation.

Voluntary organisations, it says, have made a large contribution to relieving urban deprivation. However, it adds, concern exists about how effective the programme has been in involving and promoting community initiatives.

The Traditional Urban Programme: Involving the Voluntary Sector (National Council of Social Service, 26 Bedford Square, London WC1B 3HU).

مكرر من الأصل

هكذا من الأصل

LABOUR

Daily Express journalists end ban on agency

BY ALAN PIKE, LABOUR CORRESPONDENT

JOURNALISTS ON the Daily Express voted yesterday to stop blacking copy from the Press Association, the national news agency, after a High Court action against their union.

The National Union of Journalists instructed its members on Fleet Street newspapers to stop handling PA material at the start a month ago of the provincial journalists' strike. The High Court held that the union's instruction was not covered by the sympathy action provisions of the Trade Union and Labour Relations Act and the union lost an appeal against the decision last week.

Trade unionists are concerned that the decision might have wide implications for sympathy action in other areas of industry.

King and Hutchings, the printing works at Uxbridge, dismissed 10 press room workers yesterday for acting in support of the provincial journalists.

As a result, the Evening Mail, Slough and Hounslow, failed to appear. The London edition of the International Herald Tribune and other publications produced by the company under contract will also be put at risk by a long dispute.

The press room workers, members of the National Society of Operative Printers, Graphical and Media Personnel, had refused to handle newsprint delivered to the works by a non-union lorry driver.

The NUJ yesterday sent an open letter to all provincial newspaper managements with whom they are in dispute, urging them to resume negotiations through their national body, the Newspaper Society.

Members of the non-TUC Institute of Journalists have received an improved offer, worth about 11 per cent, from the society, which will be considered by institute leaders today. The society says, however, that it will not negotiate with the NUJ until the strike is called off.

Comparability used much more to win bigger pay rises

BY PAULINE CLARK, LABOUR STAFF

A BIG increase this year in the Central Arbitration Committee's workload has pointed to a mounting use of comparability exercises by groups of workers seeking to sidestep pay policy restrictions.

The number of awards made by the committee in the first 11 months of 1978, at 776, is already more than double the number in the full year 1977, when the awards totalled 308. In addition, between 100 and 150 hearings remain on the December list for consideration from this month onwards.

The figure is also about 11 times greater than that recorded from February 1976—when the committee was first set up—until the end of that year.

Undoubtedly, the committee's increased work can be attributed to the impact of successive Government incomes policies in particular since pay restrictions were relaxed with the introduction of the Phase Thre 10 per cent pay ceiling.

The permitted use of self-financing productivity deals led many groups of workers who were unable to exploit this new provision to try to maintain their earnings in other ways.

The CAC apparently has also become an important instrument for achieving pay increases above the Government guidelines for workers in individual companies or organisations where the nature of the industry probably would have led to greater rises through negotiated productivity deals.

The committee was set up as an independent body under the 1975 Employment Protection Act to take over the functions of the former industrial Arbitration Board as well as to hear complaints on trade union recognition and other issues.

For the most part, CAC awards have been made with minimum publicity, if only because increases awarded under Schedule II of the Employment Protection Act or the 1946 Fair Wages Resolution can be made outside Government pay policy.

In some cases, the CAC has been able to prevent serious industrial conflict.

For example, its eleventh-hour 12½ per cent award to technicians of the Association of Broadcasting Staff prevented a BBC Television blackout over Christmas.

According to the association, the Government actually requested union discussions with the BBC under Central Arbitration Committee auspices because of the build-up of militancy over pay.

The CAC has also been useful to both Government and workers in the past, in particular in the case of shipbuilders' pay.

Training plans 'may help union aims'

BY OUR LABOUR CORRESPONDENT

PLANS TO restructure engineering apprentice training could assist moves to create a single union in the industry, Mr. George Guy, general secretary of the Sheet Metal Workers' Union, said yesterday.

Proposals for a new approach to training in the industry were being made against a background of a shortage of skilled craftsmen, too few apprentices in training, difficulties facing adult entrants to skilled occupations and the likely effect of technological changes.

One of the plans was for greater job flexibility and the development of the "multi-skilled craftsman." But this depended upon unions being prepared to let other skilled employees do what they considered to be their work.

This could be solved only if the Confederation of Shipbuilding and Engineering Unions or, failing that, the industry's major union — the Amalgamated Union of Engineering Workers — gave sufficient impetus to get the scheme off the ground.

"Such a change would lead towards one union for engineers, and that may be on the cards eventually in any case," says Mr. Guy, writing in his union journal.

The Engineering Industry Training Board is proposing changes under which apprenticeship training would be related to standards of attainment rather than specific periods of time.

Mr. Guy also calls for a more tolerant attitude towards the employment of adults who retrain for new skills owing to technological change during their working lives.

"Adult trainees are not some kind of foreign invader of skilled preserves. They are members of the working class requiring employment, many of them with their own skills the demand for which has disappeared.

"Can we face this dramatic change? Is there any real alternative? If we hang on to the old ways, will we by default do less than we can and ought to do for the skilled workers of the future?"

Nurses' national protest called for January 18

BY OUR LABOUR STAFF

THE ROYAL College of Nursing is to call a national protest meeting of nurses on January 18 following a refusal by the Prime Minister to meet nurses trade union representatives on their claim for "special case" pay treatment.

Other contingency plans for national action are being drawn up by the college in support of a demand for payment in lieu of productivity in the face of eroded differentials between nurses and other hospital workers.

Health service workers belonging to COHSE to begin industrial action in Ipswich from Monday.

The 350 workers at St Clement's psychiatric hospital decided to go ahead with their action before the threatened national dispute, due to begin later in January. The workers had already rejected the 5 per cent national offer, but their decision will not be supported by workers at other hospitals in the 2,000-strong Ipswich and East Suffolk branch of the union.

APPOINTMENTS

LEGAL NOTICES

IN THE HIGH COURT AT CALCUTTA
Original Jurisdiction
Company Application No. 345 of 1978

In the matter of the Companies Act of 1956 and in the matter of THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED and in the matter of THE CALCUTTA ELECTRIC SUPPLY CORPORATION (INDIA) LIMITED.
1. The Calcutta Electric Supply Corporation Limited and [illegible]

No. 003966 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EXPERTGRADE LIMITED and in the Matter of THE COMPANIES ACT, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of December 1978, presented to the said Court by PHONODISC LIMITED whose registered office is situate at [illegible]

BOND DRAWING

MORTGAGE BANK OF THE KINGDOM OF DENMARK

U.S.$12,000,000 6¼% 15 YEAR EXTERNAL LOAN OF 1967
SERIES XII

HAMBROS BANK LIMITED hereby give notice that in accordance with the terms and conditions of the above Loan the redemption for 28th February 1979 has been effected by the purchase of U.S.$524,000 (Nominal) and the under- [illegible]

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

COMPANY NOTICES

INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN [illegible]

JAPANESE PRE-WAR EXTERNAL STERLING BONDED DEBTS [illegible]

COPENHAGEN TELEPHONE CO. [illegible]

CITY OF LIMA [illegible]

HITACHI LTD. ORDINARY SHARES BDR'S [illegible]

MITSUI AND CO. LTD. [illegible]

THE BRITISH STEAM SPECIALTIES GROUP LIMITED [illegible]

ART GALLERIES

[illegible]

BOND DRAWINGS

BRAZILIAN STERLING LOANS: DECREE LAW No. 6019

State of Bahia 5% Funding Loan 1915

Notice is hereby given that for the Sinking Fund of the above Loan for January 1979 bonds for a nominal amount of £310 have been purchased and £7,420 drawn for redemption.

The following are the numbers of the bonds drawn for redemption at par on 1st January 1979 after which date all interest thereon will cease.

613 Series A Bonds of £10 nominal value each = £6,130

7	108	148	181	231	333	368	443	468	486	509	608
674	743	817	854	977	1029	1030	1071	1130	1170	1292	1346
1448	1498	1538	1592	1693	1732	1789	1790	1801	1943	1980	2006
2046	2085	2173	2229	2397	2462	2541	2557	2563	2654	2854	2899
2921	2922	3024	3069	3109	3185	3186	3241	3287	3297	3371	3398
3437	3574	3637	3691	3755	3757	3778	3864	3892	4008	4084	4124
4156	4182	4185	4281	4354	4367	4397	4568	4581	4662	4785	4856
4936	4961	5007	5041	5087	5172	5213	5227	5247	5374	5453	5521
5545	5630	5632	5660	5681	5704	5755	5788	5847	5879	5916	5956
6021	6115	6192	6283	6310	6348	6402	6488	6549	6579	6634	6641
6705	6759	6771	6879	6936	6970	7061	7109	7142	7161	7229	7329
7351	7392	7458	7512	7563	7590	7604	7605	7629	7705	7751	7847
7859	7975	8015	8121	8139	8193	8283	8294	8379	8388	8403	8529
8563	8584	8664	8769	8868	8910	8972	8986	9032	9090	9176	9205
9251	9294	9326	9335	9403	9427	9481	9544	9557	9569	9605	9606
9648	9650	9736	9790	9808	9851	9967	10045	10153	10206	10261	10343
10371	10389	10440	10483	10511	10554	10639	10778	10800	10831	10890	10931
10932	10977	11016	11041	11069	11135	11176	11275	11308	11334	11394	11499
11548	11574	11628	11681	11711	11756	11840	11873	11920	11981	12024	12159
12209	12277	12278	12334	12477	12531	12579	12632	12884	12916	12956	12958
13083	13264	13314	13358	13359	13552	13605	13619	13685	13693	13743	13790
13819	13929	13930	14208	14281	14443	14462	14524	14747	14791	14836	14885
14948	14965	15024	15036	15164	15186	15334	15364	15401	15440	15490	15531
15554	15561	15581	15603	15668	15739	15783	15903	15963	15997	16052	16113
16123	16168	16252	16253	16412	16458	16506	16530	16579	16641	16706	16759
16794	16821	16873	16905	17105	17133	17212	17298	17304	17309	17388	17447
17490	17664	17701	17717	17811	17883	17904	17953	18082	18115	18124	18219
18271	18337	18405	18461	18540	18622	18797	18818	18838	18844	18862	18994
19049	19081	19173	19211	19274	19304	19375	19376	19521	19594	19600	19633
19824	19841	19966	19999	20051	20052	20076	20134	20206	20243	20333	20407
20477	20503	20533	20589	20645	20694	20754	20850	20858	20927	20968	21002
21092	21093	21104	21181	21315	21344	21473	21523	21567	21600	21621	21713
21760	21819	21897	21963	21968	21969	22001	22098	22199	22272	22280	22302
22303	22386	22522	22583	22625	22664	22687	22699	22788	22866	22953	22993
23060	23145	23230	23324	23354	23431	23524	23587	23588	23651	23819	23849
23953	24040	24071	24122	24194	24222	24297	24351	24361	24432	24614	24687
24711	24796	24861	24868	24870	24909	24960	25013	25096	25110	25153	25167
25168	25205	25320	25347	25389	25466	25567	25573	25578	25816	25877	25910
25968	26008	26011	26093	26139	26167	26252	26285	26286	26376	26451	26458
26547	26569	26725	26779	26818	26912	26968	26974	26979	27072	27191	27211
27265	27320	27369	27445	27584	27680	27744	27815	28059	28060	28129	28150
28176	28329	28431	28505	28573	28659	28704	28823	28849	28988	29101	29147
29206	29271	29346	29396	29416	29458	29496	29654	29742	29928	29929	30023
30154	30177	30210	30221	30355	30443	30458	30497	30524	30526	30564	30599
30638	30690	30713	30741	30849	30897	30928	30932	31023	31054	31154	31177
31214	31417	31483	31556	31727	31786	31875	31878	31920	31924	31925	32043
32150	32160	32277	32306	32428	32469	32522	32629	32648	32676	32743	32809
32893	32898	32955	33055	33157	33197	33268	33272	33300	33405	33449	33470
33518	33687	33738	33763	33858	33914	33991	34116	34153	34264	34394	34458
34506	34563	34651	34683	34769	34884	34974	35082	35172	35273	35350	35464
35574	35630	35731	35805	35806	35994	36091	36118	36403	36574	36589	36606
36621											

59 Series B Bonds of £10 nominal value each = £590

155	381	329	1154	1495	1550	1996	2502	2734	3670	3671	3886
4079	4160	4211	4297	4364	4513	4718	5028	5551	5897	6368	6848
7057	7086	7827	8023	8150	8664	8822	9259	9396	10104	10123	10196
10486	10487	10680	10829	10831	13194	13293	13354	14240	14241	14382	14423
14435	14436	14451	14487	14702	14806	15039	15057	15314	15369	15425	

20 Series C Bonds of £20 nominal value each = £400

192	375	428	566	1335	1340	1587	1888	2174	2217	2370	2655
3046	3071	3200	3256	3846	3923	4690	5218				

3 Series D Bonds of £100 nominal value each = £300

158	270	340

The above bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms and must bear all coupons subsequent to 1st January 1979, otherwise the amount of the missing coupons will be deducted from the principal moneys.

ENSO-GUTZEIT OSAKEYHTIO

6½% Sterling/Deutsche Mark Guaranteed Loan 1980

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of £400,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st February, 1979.

The numbers of the Bonds so drawn are as follows:—

		£500 Bonds		
1 to 17	21 to 30	33 34	45 to 57	62 64
65 83	100 to 102	106 to 108	111 to 114	121 123
124 127	130 to 144	149 to 155	160 161	169 171
172	226 to 229	233 234	241 to 243	247
251 to 261	293 to 296	305 to 308	313 to 332	340 to 346
356 367	373 374	389	429 to 522	4311 to 4380
4391 to 4394	4398	4401 to 4420	4426 to 4428	4433 4434
4451 4452	4454	4461 to 4470	4477 to 4480	4499 4512
4515 to 4521	4564	4569 to 4573	4592	4594 to 4597
4605 to 4618	4631	4633 to 4637	4645 4647	4650
4652 to 4654	4656 4657	4659 4660	4677 to 4698	4703 to 4705
4707 to 4714	4717 to 4736	4747 to 4751	4754	4763 to 4774
		£100 Bonds		
4801 to 4821	4831 4832	4835 4836	4857 to 4860	4865 to 4873
4881 to 4930	18151 to 18196	18200 to 18208	18226 18232	18233
18251 to 18259	18261 to 18291	18294 to 18297	18310	18341 to 18344
18361 18365	18366	18373 to 18375	18381 to 18390	18393 to 18396
18399	18404 to 18407	18409 to 18480	18509 to 18566	18572 18573
18577 to 18653	18679 to 18690	18701 to 18704	18710 18712	18719 18736
18740	18747 to 18752	18766 to 18774	18791 to 18810	18821 to 18850
18852 to 18861	18866 to 18890	18896 to 18898	18912 to 18926	18928 to 18930
18937 to 18939	18942 to 18967	19002 to 19004	19032 to 19046	19081 to 19090
19095 to 19130	19135 to 19144	19146 to 19148	19151 to 19164	19166 to 19168
19170 to 19175	19184	19193 to 19195	19203 to 19450	19469 to 19474
19477 to 19483	19507 to 19539	19600 19636	19658 19664	19668 to 19671
19678 to 19680	19682 19683	19686 to 19689	19692 to 19723	19731 19732
19751 to 19764	19769 19770	19791 to 19800	19808 to 19830	19838 to 19842
19848 to 19867	19870 19871	19884	19911 to 19923	19925 to 19930
19932 to 19938	19991 to 19999	20001 to 20006	20013 20014	20058 to 20060
20091 to 20170	20184 to 20188	20198 20199	20201 to 20205	20210 to 20213
20241 to 20326	20331 to 20333	20353 to 20360	20368 to 20370	20376 to 20378
20389 to 20393	20396 to 20401	20405	20408 to 20410	20421
20425 to 20427	20429 to 20434	20444 to 20469	20475 to 20491	20493 to 20505
20541 to 20550	20552 to 20582	20592 to 20601	20603 to 20605	20607 20612
20617 to 20635	20654 to 20705	20726 to 20729	20779 to 20784	20787 to 20796

On 1st February, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st February, 1979 and Bonds so presented for payment must have attached all coupons maturing after that date.

£400,000 nominal amount will remain outstanding after 1st February, 1979.

The following Bonds, drawn for redemption on the dates below, have not yet been presented for payment.

1st February, 1977
£100 Bonds — 15356

1st February, 1978
£500 Bonds — 1051 1063 1054 1209 1210 1241
£100 Bonds — 8776 to 8779 8891 to 8895 8904 to 8907 8936 8937 10725 10740 17324 to 17328

30, Gresham Street, London, EC2P 2EB. 29th December, 1978

COMPANY NOTICES

CHILEAN EXTERNAL LONG TERM DEBT.
LAW No. 8962
MUNICIPALITY OF CONCEPCION
5½% LOAN 1928

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above loan for December 1978, bonds for a nominal amount of £400 have been drawn for redemption.
The following are the numbers of the bonds drawn for redemption at par on 31st December 1978, after which date all interest thereon will cease.
4 Bonds of £100 Nominal Value each = £ 400
1182 1437 1459 1477
These bonds should be presented at the London Offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 31st December 1978 otherwise the amount of the missing coupons will be deducted from the principal moneys.

CHILEAN EXTERNAL LONG TERM DEBT.
LAW No. 8962
CITY OF ANTOFAGASTA 5% LOAN 1914

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above loan for December 1978, bonds for a nominal amount of £1,000 have been drawn for redemption.
The following are the numbers of the bonds drawn for redemption at par on 31st December 1978, after which date all interest thereon will cease.
10 Bonds of £100 Nominal value each = £1,000
39 324 336 338 349
357 362 368 975 1035
These bonds should be presented at the London offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 31st December 1978, otherwise the amount of the missing coupons will be deducted from the principal moneys.

PUBLIC NOTICES

SOUTH EASTERN ELECTRICITY BOARD
REVISION OF TARIFFS

The Board hereby gives notice (pursuant to Section 37 of the Electricity Act 1947 as amended by Section 14 of the Electricity Act 1957) that it has fixed the following new tariffs:—

Domestic Two-part Tariff
Domestic White Meter Economy 7 Tariff
Domestic White Meter Tariff
Flat Rate Tariff
Off-peak Tariffs
Tariffs Five-Forty

All the tariffs referred to above shall have effect from the dates of the first normal meter readings taken after 31st December 1978 or the dates on which those meter readings would ordinarily have been taken whereupon the corresponding existing tariffs shall cease to have effect.

Copies of the new tariffs will shortly be available in all shops and offices of the Board.

D. A. GREEN,
Secretary.

Queen's Gardens,
Hove, East Sussex
BN3 2LS
December 1978

SEEBOARD
SOUTH EASTERN ELECTRICITY

Explanatory Note: *The effect is to consolidate fuel cost adjustment at its current level into the unit rate in quarterly tariffs; there are no price increases and no other changes.*

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APPOINTMENTS

Senior post at Midland bank

Mr. W. G. Barrett, a corporate finance director (international) of MIDLAND BANK, has become a general manager with special responsibilities within the international division.

★

Mr. M. H. Couchman is to become deputy managing director of A. MONK AND CO. at the beginning of next year.

★

J. SAINSBURY announces the appointment to the Board of Mr. Angus Clark as personnel director on January 1. Mr. Simon Sainsbury and Mr. Bernard Ramm will be retiring from the Board next July at the annual general meeting.

★

The ORION BANK has appointed the following to the executive Board from the beginning of next year: Mr. G. I. Burgun, Mr. J. C. Romines and Mr. N. M. Vere-Hodge.

★

Mr. E. O. Walklin has been elected chairman and Mr. B. Coleman, deputy chairman of LLOYD'S AVIATION UNDERWRITERS' ASSOCIATION.

★

Mr. Alan Stephens, previously finance director, becomes deputy managing director, and Mr. P. McGeough, formerly chief accountant, moves to the Board of PERGAMON PRESS as finance director.

★

Mr. A. R. Sinclair has been appointed managing director of CONEX-SANBRA (a Delta group company) from January 1.

★

Mr. A. J. Clark and Mr. R. A. Webb have been appointed directors of M. W. MARSHALL (STERLING). Mr. M. Ince and Mr. P. N. Ward have been appointed, respectively, a director and an assistant director of M. W. Marshall (Currency).

★

Mr. Alan Holliday has been appointed production director for STYLO MATCHMAKERS INTERNATIONAL, based at the company's Northampton factory. Mr. Derrick Robinson, who has been factory director at Northampton, has been appointed the company's technical and development director with special responsibility for new products.

★

Mr. Douglas Myland has been appointed sales director with BANBURY BUILDINGS home improvements division of London Brick Buildings.

★

From January 1, Mr. John Ramsden is appointed manager, motor and UK branches, of SPHERE DRAKE (UNDERWRITING), a subsidiary of the Alexander Howden Group. He was previously manager, City broker division, of the Commercial Union Assurance Company.

★

Following the retirement of Lord Hawke and Mr. A. F. R. Carling on December 31, from the Board of INITIAL SERVICES, Mr. N. K. S. Wills, a deputy chairman, is to be chairman in place of Mr. Carling. Mr. P. N. M. Rudder and Mr. W. H. M. Kirkwood are to be directors, and Mr. Rudder a deputy chairman in place of Mr. Wills. Mr. Rudder is an executive of the British Electric Traction Company and deputy chairman of Advance Laundries. Mr. Kirkwood has been an executive of Initial Group companies since 1964.

★

Mr. A. L. Sunderland has given up the post of general secretary of the VEHICLE BUILDERS AND REPAIRERS ASSOCIATION because of ill health. He continues as a part-time consultant, assisting Mr. Gordon Mellor, who succeeds him as general secretary having been secretary of the association since 1974.

★

Mr. George M. Lawrence has been elected chairman of ABERDEEN HARBOUR BOARD in succession to Mr. R. J. C. Fleming. Mr. Lawrence is a partner in James and George Collie, advocates in Aberdeen, and an immediate past-president of Aberdeen Chamber of Commerce.

★

BRITISH EUROPEAN ASSOCIATED PUBLISHERS states that Mr. Geoffrey H. Perry has accepted an offer from VNU of Haarlem, Holland, for the purchase of his holding of 24 per cent in the company's equity and that BEAP is now a wholly owned VNU subsidiary. Mr. Perry resigns from the Board of BEAP at the end of this month and Mr. Kier Hagedoorn becomes managing director of that company with Sir Roger S. Falk continuing as chairman.

★

Mr. A. M. McGhie has been appointed chairman (Vorsitzender) on the Board of administration of HAWKER SIDDELEY ELEKTROMOTOREN GmbH, Wiesbaden, West Germany, and Mr. G. P. Maycock joins that Board as general manager (Geschäftsführer). Mr. D. J. Steins has become Prokurist of the company. He is also sales manager (Verkaufsleiter).

★

Mr. John R. Hales, managing director of the Chad Valley Division of GENERAL MILLS UK, has left the company. Mr. Frank J. Manning has been made deputy managing director of the Chad Valley Division, reporting directly to Mr. R. B. Simpson, chairman of the company's toy group.

★

Mr. C. G. Erwin and Mr. P. R. B. Morrison are to become associated members of CAWOOD MANN AND SMITHIE (HARROGATE), stockbrokers, from January 2.

★

Mr. L. Stewart has been made a divisional director of the LITTLEWOODS ORGANISATION with responsibility for industrial relations.

★

Mr. F. T. Robinson, formerly general manager, has been appointed a director of SCUNTHORPE CRUSHING COMPANY (a Simon-TR company).

Mr. J. Gerwyn Harries has been appointed from January 1, 1979 as a regional director of the Greater London regional board of LLOYDS BANK, which sits under the chairmanship of the Lord Lloyd. Mr. Harries retired as a joint general manager of the bank at the end of December last year.

★

Mr. Lewis Robertson, deputy chairman and chief executive of the Scottish Development Agency, has joined the council of the SCOTTISH BUSINESS SCHOOL.

★

The Earl of Inchcape has been appointed to the Board of INTERNATIONAL ADVISERS, part of the Swiss Bank Corporation, following the retirement of Lord Harvey of Prestbury.

★

Mr. Michael Sandler has been appointed an associate director of INTERNATIONAL NEWS SERVICE from January 1.

★

Mr. A. L. Michael, who has retired as chairman of Stanley Gibbons International, has been made an honorary life member of the PHILATELIC TRADERS' SOCIETY.

★

Mr. R. I. Shaw has been appointed finance director of ECONOMIC FORESTRY (SCOTLAND).

★

Mr. L. P. Macey, a general manager at MIDLAND AND INTERNATIONAL BANKS is to retire at the end of December, and Mr. A. Slater will become assistant general manager (operations) and Mr. T. Hubble assistant general manager (money) at the beginning of next year.

★

The following appointments have been made to the Boards of subsidiary companies of Culter Guard Bridge Holdings. At CULTER MILLS PAPER COMPANY—Mr. J. T. H. Burton, Mr. D. S. Fleming, Mr. J. A. F. Gould and Mr. C. N. Henderson; at GUARD BRIDGE PAPER COMPANY—Mr. D. S. Fleming, Mr. J. A. F. Gould and Mr. C. N. Henderson; at SCOTFLOW—Mr. D. Spowart.

★

Blackwood Morton and Sons (Holdings) has appointed Mr. John S. Hood, Mr. William King and Mr. Robert Morton as directors of its subsidiary BLACKWOOD MORTON AND SONS from January 1.

★

Mr. R. C. Sutton, president and and chief executive of Theo. H. Davies and Co., has been appointed an executive director on the main Board of the parent concern JARDINE MATHESON AND CO. from January 1. Also on that date Mr. Stuart Barnes, Mr. Murray Collins, Mr. Dick Partridge and Mr. Michael Somerville become assistant directors of Jardine Matheson and Mr. K. F. Lo will be a general manager. Mrs. Eleanor Ling has been made an executive assistant to the chairman. Mr. T. Monaghan joins the Board of Jardine Matheson Insurance Brokers (U.K.) Holdings Company at the beginning of next year.

★

Mr. Harry Dehm has been appointed assistant manager of SWISS BANK CORPORATION, London, from January 1.

★

Mr. Robert J. Middleton, chief executive of the SALTER GROUP and managing director of George Salter and Co., is to become chairman from January 1. Mr. Philip Bache relinquishes the chairmanship at the end of this month and has been appointed life president. Salter is part of the Staveley Industries Group.

★

Mr. D. G. Davies, controller-employee relations at KODAK, has been appointed a director of the company.

★

Mr. J. A. Hefley, managing director of High Duty Alloys Extrusions, takes over from Mr. P. McIlwraith of Indalex as chairman of the ALUMINIUM EXTRUDERS ASSOCIATION COUNCIL from January 1. At the same time Mr. W. J. Danter, joint managing director of BKL Extrusions, will become vice-chairman of the AEA Council.

★

BRINDEX, the Association of British Independent Oil Exploration Companies, has elected the following as officers for next year: chairman—Mr. R. C. Shaw (Premier Consolidated Oilfields), vice chairman—Mr. G. Prentice (Plascom), honorary secretary—Mr. R. Montgomery (Carless Exploration), honorary treasurer—Mr. A. F. Fox (Tricentrol North Sea), executive committee members — Lord Tarrington (Attock Petroleum), Mr. E. Hart (Cluff Oil), Mr. D. G. M. Boyd (Gas and Oil Acreage), Mr. C. N. Davidson-Kelly (Oil Exploration (Holdings)), Mr. E. B. Sutrill (Thomson Scottish Petroleum), Mr. M. J. M. Garvin (Hampton Gold Mining Areas).

★

Mr. W. J. Cox has been made an officer of the PROPERTY UNIT TRUSTS GROUP from the beginning of next year.

★

Mr. Bruce C. Warren, general manager of THOMSON INTERNATIONAL PRESS CONSULTANCY, a subsidiary of Thomson Regional Newspapers Limited, has been appointed a director. He will remain general manager.

★

Mr. E. Cedric Minton, formerly general manager of the Yorkshire Bank, has been appointed deputy chairman of the MANCHESTER EXCHANGE AND INVESTMENT BANK and of its holding company MANCHESTER EXCHANGE INVESTMENTS.

★

Lord Ryder is to retire as a part-time member of the BRITISH GAS CORPORATION on December 31, on completion of his second term of appointment.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

IN TERMS of speeches, lectures and articles during 1978, no management subject could possibly rival Small Business for the title of "Fashion of the Year." But is there much substance behind the fashionable veneer? In particular, has the Government's much-publicised series of small business incentives done anything to encourage entrepreneurs to take greater risks? And do entrepreneurs really need the sort of help they are now being offered by socially- (or publicity-) minded giants like Shell and ICI?

Today we publish the uncompromising views of an entrepreneur who has an unusual ability to combine direct personal experience with thorough economic analysis: David Cooksey, the 38-year-old managing director of Intercobra, which was formed in 1971 at Glenrothes, Fife, when he and several other former executives of De La Rue bought the old Thermoplastics Division of Formica. An Oxford graduate, Cooksey had previously been responsible for Formica's European manufacturing plants, so he has first-hand experience of the worlds of both big and small business.

When the Management Page first looked at his company in June 1974, turnover was less than £600,000. The current rate is approaching £3m, and Intercobra now has 150 employees. The article that follows is an abbreviated version of a paper David Cooksey gave to the recent annual conference for smaller businesses of the Scottish Council for Development and Industry.

How the entrepreneur is hamstrung by government

BY DAVID COOKSEY

POLITICIANS are increasingly turning to the small business sector as the main potential source of new employment. They look abroad, see far more small businesses being set up there, and wonder why.

My answer to them is simple. Firstly, you have ensured that the environment is wrong by promoting the politics of conflict. You foster jealousy of success rather than promoting success itself. Secondly, you have hamstrung the independent entrepreneur—who you so badly need—with laws concerning taxation, employment and Government interference which are enough to destroy the moral fibre of a Saint.

The small businessman will take the necessary risks, and is prepared to do without the comfort of the bosom of Mother State or Aunty I.C.I., if he is given the chance to have real independence, to enjoy standing on his own two feet and to have fun making a success of his business.

That financial and social independence which is our requirement has been steadfastly undermined by the politicians who espouse our help. How many of us can say that we have had fun running our businesses in the past four years?

Five years ago it gave me great pleasure to increase my workforce: it was a sign of growth. Today I search for every excuse for not taking on extra labour because the people that I employ have moved on my Balance Sheet from assets to liabilities. Today it is much more difficult, and probably more expensive, to shed an employee from your payroll than to divorce your wife.

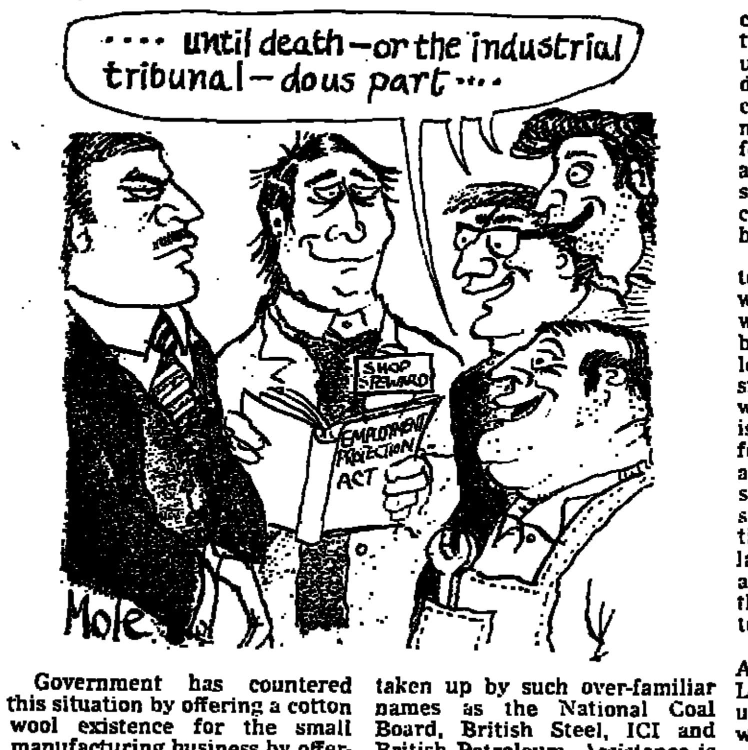
If we compare small business in the UK with that in Germany, France, Japan or the U.S. we find some striking differences. First, each of the other countries has proportionately a higher number of small businesses. These businesses are more likely to fail than those in the UK. Higher financial gearing is acceptable compared with equivalent companies here. They stay in the same ownership for longer and they provide a considerably higher proportion of the national employment. The owner is satisfied with running a small business because the tax structure allows him to accumulate wealth and re-invest it in his own and other businesses.

As a result, the entrepreneur in these countries finds it easier to get started, he is forgiven more readily for failure, and he does not necessarily see the sale of his business as being the only way in which he can gain access to his capital. He is also available as a source of investment and advice for other people setting up businesses during the maturity of his business career.

The financial and taxation problems facing small business in this country are unending. For one thing, the supply of funds for a small company have been carefully cut off. The small investor no longer exists as a source of external equity or loan funds for the small company, because current levels of income tax rapidly take the top tax levels to 98 per cent.

Who wants to invest in a high risk business if the Government is going to grab 98 per cent of the reward? Why invest in a high risk business when the Government needs to pay such high rates of interest to sell its own securities and gives wholly unreasonable tax advantages to the building societies and pension funds? They attract what private investment funds are available and invest them in the bigger companies' in property or in the gilt edged market. As a result, the private investor has largely disappeared and the small company is deprived of equity funding.

Let us here differentiate between what the Government wants, which is the creation of manufacturing industry, and what the current taxation structure encourages, which is the setting-up of service industries with a large cash element in them. Neither the sandwich bar nor the shop which sells imported goods satisfies the country's needs today, but the very nature of their cash trading is highly attractive to the overtaxed owner. The cash is accessible and usually untraceable. Yet once manufacturing industry is successful and efficient, these services can provide pleasure and employment for a wealthier nation.



Government has countered this situation by offering a cotton wool existence for the small manufacturing business by offering subsidies and grants, selective assistance and other forms of help which are all available to you provided you are happy to have a host of civil servants enquiring about your company, that you report on a monthly basis that you have done nothing to offend Her Majesty's Government and that you will devote a large proportion of your administrative effort to filling in forms, while the one thing you want to do is to get on with running your own business and enjoy making a profit from it.

Just read the list of who gets selective assistance and grants of one form or another. You will find that the vast majority is taken up by such over-familiar names as the National Coal Board, British Steel, ICI and British Petroleum. Assistance is available to the company that can afford to make the investment, that has the bureaucracy to deal with bureaucracy, and has the balance sheet strength to convince the civil servants that they will not be risking their necks or the taxpayers' money. A substantial proportion of their profits is derived from their skill at milking the Government cow rather than driving their business in the appropriate direction.

I must not complain. My company has enjoyed selective assistance and we have enjoyed courteous and helpful assistance from the Scottish Economic Planning Department, but the contortions that we went through to qualify for help led us to make wrong business decisions on the way. I am convinced that the whole mish mash of Government interference should be dismantled and healthy, virile industry should be encouraged by creating opportunity rather than by paying subsidy.

The term "company" ought to refer to a group of people working together. Those people work to create wealth and a better life for themselves. If we look at the strike records of small and large companies, then we find that the legislation that is being passed is only necessary for the large companies; there are more appropriate ways of settling disagreements in the smaller companies. Yet the politicians persist in passing legislation which sets employee against employer and creates the strife that it is purported to eliminate.

The Employment Protection Act and the Trades Union and Labour Relations Act force unionisation into companies where it has been totally unnecessary. This legislation runs counter to the legal principle of being innocent until proven guilty. Unfair dismissal claims are positively encouraged by civil servants at the Department of Employment, and companies are put to immense expense defending themselves in this most un-British form of justice. The company always pays directly or indirectly for the costs of prosecution and defence.

At a time when the small businessman finds it difficult to accumulate capital himself, unfair dismissal and redundancy claims seem to be an excellent method for the employees to acquire capital. Some are becoming quite professional at it. Have we really progressed towards a fairer society? I think not.

So much for just some of the problems. What of the remedies?

Remember, industry pays for all the extravagances of our spendthrift politicians. Those politicians do not contribute one penny towards their own profligacy. The solutions I propose are likely to be highly disagreeable to those who have risen to power by promoting conflict and envy, and by spending our earnings.

The prime requirement is to improve the ability of individuals to accumulate capital and improve the rewards for backing successful entrepreneurs. This will be achieved by:

- A substantial move to taxation of spending as opposed to taxation of earnings. Increase VAT and reduce all levels of income-tax so that extra taxed earnings from a company competes with untaxed moonlighting. The top rate of income-tax must not exceed 50 per cent of any form of income. Restrict the total tax take by restricting Government spending.
- Put investment in manufacturing companies on an equal footing with investment in the building societies and the pension funds.
- Ease the burdens of Capital Gains and Capital Transfer Tax for the owners of small companies. Encourage transfer of the company during the owner's lifetime. It is vital that capital should be employed efficiently in high added value industry rather than in idle, easily transferred assets such as pictures, etc.
- Ensure that proposed legislation is scrutinised and drafted with smaller firms' management in mind. The entrepreneur is to be treated as someone wanted in the community, not as an outcast. He is a member of the general public.
- Pay more attention to the cost-effectiveness of legislation and tax gathering.
- Make all employees, unionised and non-unionised, equal under the law.
- Finally, remove all discretionary assistance from government departments and replace it with specific relevant government purchasing or development contracts aimed at encouraging a strong competitive industrial sector. There is no point whatever in robbing Peter to pay Peter.

Britain will only regain her status as a great trading nation if her managers can concentrate on competing in world markets. It is distressing that we are being increasingly forced to concentrate our efforts in the work-place and in administration, at the expense of effort desperately needed in the market place.

The Red Baron spreads his catering wings

BY DARRELL DELAMAIDE IN HAMBURG

HOMESICK German businessmen and other travellers with a taste for Teutonic cuisine may soon be able to dine on dumplings and other delicacies in Saudi Arabia and Egypt, courtesy of Lufthansa.

The airline's catering subsidiary, Lufthansa Service GmbH, has just received the green light to set up a chain of high-class restaurant centres. The first of these "Senator-Restaurants," which include lounge and shopping facilities, is to open in the centre of Munich in the summer and will be followed by at least three others in Germany and at least seven abroad.

The restaurant chain has little to do with the airline—known as the Red Baron—or even with flying. The restaurant clubs are to be located in city centres, nowhere near airports, and will offer not only everything from soup to nuts, but services like sewing on buttons as well.

LSG's managing director, Reiner Jodjahn, sees the new chain as a logical expansion of the unit's business, which has long since outgrown its initial task of providing on-board repasts for Lufthansa flights. Besides being the supplier for 150 airlines at German airports, LSG caters for special events in places like Rio, New York and Moscow. For instance, LSG will feed U.S. television crews covering the Moscow Olympics (as it did in Munich).

LSG itself will have revenues this year of about DM 250m (compared with Luthansa's total turnover for 1977 of DM 4.6bn) and now will have its own subsidiary, LSG-Restaurant GmbH, to operate the new chain. According to LSG projections, the new unit should reach a cumulative turnover of DM 30m by 1983, the first stage of its expansion.

The first establishment in Munich (and later domestic centres in Dusseldorf, Hamburg and Berlin) will enable the fledgling enterprise to gather experience. The first foreign branch is scheduled for a 1980 opening and is likely to be in Cairo.

Other likely centres are London, New York, Toronto, Sydney and Saudi Arabia. The Middle East is a prime target because of the large colonies of Germans and other temporary expatriates in that region. Tehran in fact, would have been LSG's first choice before the unrest there.

If the idea catches on, predicts Jodjahn, as many as 24 of these oases of German culture could be planted around the globe.

The restaurants will offer a menu of German specialities in an atmosphere designed for business meetings, with a maximum capacity of 160 persons. The lounges, resembling the VIP lounges maintained by many airlines in airports, will also be suitable for meeting business contacts and will offer a news ticker, an airline and hotel bookings service, as well as other facilities.

The shops abroad will be stocked with German products, including Wurst and Schwarzbrot. Payment by credit card or eventually even by signature will be encouraged.

Jodjahn feels that the new Lufthansa enterprise differs from hotel and restaurant chains operated by other airlines not only in its club-like concept but in its exclusive character. He hopes the food and service will correspond at least to one star in the Michelin.

The centres will provide a more upmarket image for an outfit which spends a lot of time smearing butter on bread for the bag lunches offered on the Red Baron's domestic flights. Jodjahn sees the new unit as a profitable way of capitalising on LSG's existing logistical system—for example as another professional outlet for the cooks trained in LSG's Frankfurt kitchens, or Lufthansa cabin attendants tired of flitting around.

Beyond its own operations, LSG-Restaurant plans to offer logistical and managerial advice to third parties and is ready to engage in cooperation with or even capital participation in other restaurant firms.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Low cost assembly at high speed

ECONOMIC assembly of a five-part electrical component without the need for a costly, fully automated process yet producing a reduction in the labour content of the job was a challenge successfully met recently by VSI Automation Company.

The parts included two moulded plastics arms connected by a plain headed hinge pin, a steel "U" shaped contact and a recessed head retaining screw. A design feasibility study indicated that a mechanised assembly unit, built from standard VSI components and paced by a single operator, would be economic in terms of unit cost while, at the same time, achieving the required output with no defective end-products.

To assemble the parts the operator raises the guard on the unit, inserts two plastics arms into a special jig and locates the U-shaped contact on to the end of one arm. The guard is then powered to initiate the assembly process.

The jig moves forward under the action of an air cylinder and a headed hinge pin is blow-fed from one of the two vibratory bowl feeders to the nozzle of a vertically-mounted, modified pneumatic screwdriver which presses it into the hinge bosses of the plastics arms. Then the second bowl feeder delivers a screw to a horizontally-mounted, pneumatic screwdriver which inserts it into the contact hole to a predetermined depth. The operator then opens the guard and this retracts the jig and automatically ejects the completed assembly ready for the operation to be repeated.

The whole assembly process takes only a matter of seconds and outputs of up to 900 parts/hour can easily be reached by semi-skilled operators.

Sequencing of the hinge pin and screw insertion is accomplished by means of a bank of pneumatic relays operated by an electric motor-driven camshaft. Two control boxes, with on-off switches and bowl feeder speed regulators, are located adjacent to the operator's assembly station and the whole mechanism is contained within a clear-view safety enclosure.

Further information from VSI Automation Company, 194 Stanley Green Road, Poole, Dorset BH15 3AW (0202 624727).

● SEMINAR

Hot riser corrosion

A PROBLEM of the utmost importance to the developing North Sea oil fields, corrosion of hot riser systems, will be discussed at a seminar to be held in London at the Sudbury Conference Theatre on February 20, 1979.

The problem is being actively studied by the National Physical Laboratory and the Corrosion and Protection Centre UMIST in the UK, by TNO in Holland, the Corrosion Centre in Denmark, and by DNV and NPD in Norway.

Papers will be presented at the seminar by contributors who are recognised leaders in this field, says the organiser.

Enquiries to Lindsay Lyth, Scientific and Technical Studies, Oyez International Business Communications, Norwich House, 11/13 Norwich Street, London EC4A 1AB (01-242 2481).

● SAFETY

Gloves for hot work

SAFETY GLOVES for use in high temperature industries such as welding, glass manufacturing, and bakeries—but also by fire brigades and racing drivers—are made from Nomex, which is Dupont's high temperature resistant nylon fibre.

Among its many properties are the possibilities of washing, comfort in wear, strength, low thermal conductivity and low flammability.

The glove is made without any seams in the fingers, palm or back, and because it is close fitting, allows the wearer maximum finger dexterity. It is also made with a long cuff to protect the forearm.

Further details from Anthony Moor, Units 5-6, Bingham Industrial Estate, Bingham, Notts. (0949-38517.)

● RESEARCH

Analysis of vibration

ADVANTAGES of monitoring vibration levels in helicopters with the Scientific-Atlanta Model 2538 vibration signature analyser include a reduction in the cost of testing rotating helicopter components, compared with spectrometric oil analysis and magnetic chip detector inspection systems. It also reduces helicopter downtime by giving advance warning of troubles in gearboxes, shafts, pumps and other components.

On-site measurement of vibration is provided and results are compared against the characteristic vibration signatures of the various gearboxes, shafts, pumps and other rotating components, permitting efficient trouble analysis.

The analyser weighs only 18 lb and operates on rechargeable batteries. Hard copy of the test results is available on 4 in by 6 in cards which can be filed for ready reference.

Scientific-Atlanta, Randolph Park West, Randolph Township, New Jersey 07801, U.S.

Close look from above

GENERAL Electric Company's Space Division, Philadelphia, has signed a $77m contract with NASA to build Landsat-D, the most advanced Earth resources monitoring satellite system to date.

The incentive contract cost includes a $5m fee with additional earnings of up to $4.3m, depending upon how well the system performs once the satellite is in orbit.

Scheduled for launch in autumn 1981, Landsat-D is the fourth in a series of experimental satellites to explore the Earth from more than 640 kilometres up.

In addition to the multi-spectral scanner (MSS) carried by the first three Landsats, Landsat-D will carry a sensor known as the thematic mapper (TM) which will provide a spatial resolution approximately three times as detailed as its predecessor multi-spectral scanners (MSS).

The contract also calls for a backup spacecraft; a data management system; an operations control centre to be located at the NASA Goddard Space Flight Center (GSFC), Greenbelt, Md.; a transportable ground station; and a Landsat assessment system to quantify and demonstrate the advantages of the thematic mapper over the MSS.

Landsat data are primarily used for the monitoring and management of food and fibre resources, water resources, mineral and petroleum explorations and land cover and land use mapping.

Work on preserving archives

ACCORDING to Battelle Columbus Laboratories it is possible that the minute amount of light emitted by almost all organic substances during degradation — chemiluminescence — will eventually provide the necessary clues for predicting how long paper will last.

The research team has developed a chemiluminescence monitor and has been measuring how much light is emitted from Library of Congress paper samples treated in various ways and exposed to different atmospheric conditions.

Results, so far, indicate that chemiluminescence is higher at a given temperature for dry paper than for wet, the amount of emitted light rising with the temperature.

Changing the humidity by cycling between moist and dry air also increased the emission —supporting the common practice of maintaining books at constant humidity to minimise deterioration.

It is hoped that future work will, for example, provide a measure of the damage caused by incident light and yield information about oxidation rates under ambient conditions. The laboratories are at 505 King Avenue, Columbus, Ohio 43201.

Speeds food quality control work

PLANER has begun marketing an anaerobic incubator cabinet which offers quality control and research laboratories in the food and allied fields a more efficient alternative to the conventional use of multiple anaerobic jars.

Designed in consultation with bacteriological experts, the cabinet is intended for routine incubation of anaerobic bacteria under strictly-controlled conditions.

The cabinet comprises a rugged stainless steel incubator chamber with a double-glazed, rigid-plastic window in which one or two glove ports are mounted. Transfer of specimens into and from the cabinet is via a side-mounted airlock which can be evacuated and backflushed with the desired anaerobic gas to prevent ingress of oxygen into the main chamber.

The anaerobic atmosphere in the latter (normally 80 per cent nitrogen, 10 per cent carbon dioxide, 10 per cent hydrogen) is maintained at a slight positive pressure, removal of oxygen and moisture being assisted by a palladium catalyst unit, and desiccant respectively.

Airlock purge operation is automatic, with cycles of evacuation (via a rotary pump) and backfilling with gas from the main chamber, before the internal door can be operated. All controls and operations are interlocked to prevent accidental admittance of air to the main chamber. Stages in the airlock purge cycle, and correct closure of the airlock door, are indicated by coloured lights on the control panel. Incubator temperature is accurately controlled and uniform temperature distribution is aided by a circulating fan.

The front of the unit is constructed as a hinged door which can be opened to obtain full access to the chamber when required, e.g. for cleaning. In normal operation, it is held closed in gas-tight contact with the main chamber via a flexible rectangular seal.

Petri dishes, tissue cultures, flasks etc. can be transferred from the airlock into the main chamber manually using the glove ports. Alternatively, an indexed carousel to take over 100 Petri dishes using an externally operated transfer arm is available as an optional item.

Further from G. V. Planer, Windmill Road, Sunbury-on-Thames, Middlesex. Sunbury 86262.

Protects the crops

PLASTIC protective netting for seed beds and growing crops is now being produced by BIF British Industrial Fastenings, Gatehouse Road, Aylesbury, Bucks HP19 3DS. (0296 81341).

It is claimed to have a life expectancy up to 10 years and is of non-extruded knitted construction and coloured green. Mesh size is 22 by 22 mm and the netting is supplied in rolls 6 m wide and 100 m long.

● Completely new overhead electric travelling cranes are available from a new crane maker in the UK. Allerton Industries of Northallerton has been manufacturing fabricated steelwork for UK crane companies since 1947, and the company has decided to expand into the assembly of complete cranes.

● COMPONENTS

Simplified door closer

NOW IN volume production by TI James Gibbons of Wolverhampton is a compact door closing unit which can be let in to the underside of the top of a door frame and so be virtually invisible. The number of moving parts has been minimised.

Known as the Transomatic III, the unit measures 314×94×38 mm (12.3×3.7×1.5 ins) and is able to deal with doors weighing up to 90 kgs (200 lb). The design permits straightforward installation by one man.

A spring loaded cam action is employed, checked by an enclosed oil cylinder mounted between the two springs: the cam swings a lever connected to the top of the door.

The unit has a wide range of closing speeds and tensions, both easily adjustable, and a "hold open" option is available.

An additive in the cylinder oil prevents bounce of piston within cylinder, giving an exceptionally smooth closing action.

Church Lane, Wolverhampton, West Midlands WV2 4BX (0902 58585).

● IN THE OFFICE

Tax forms made easier

IN PREPARATION for the end of the current tax year in April, Wilkes Business Forms has brought out its new P11(S)/P60 computer tax forms.

Consisting of three-part continuous sets interleaved with one-time carbon and with each part printed in a different colour for easy identification, they are fully approved by the Department of Health and Social Security and the Inland Revenue and conform to the requirements of the Social Security Pensions Act 1975 which comes into force in April.

Under the new legislation, those contracted out of the State scheme will have to furnish additional information on the next P11. Many existing forms will become obsolete but the extra requirements are catered for in the Wilkes design.

Although intended for use on all line or serial printers, the forms can also be typed on an ordinary typewriter or handwritten, and provide an efficient method of completing the end-of-year tax documents that every employee receives.

Wilkes Business Forms, Oxford Street, Bilston, West Midlands WV14 7DW. 0902 42961.

● METALWORKING

Eases shaping of metal

FIVE DEEP drawing and metal forming lubricants are to be marketed by Rocol. The range has been given the brand name Ultraform and it is claimed the lubricants will meet the most exacting requirements when forming, drawing, piercing or blanking difficult materials or when producing complicated shapes.

One of the major advantages claimed for these lubricants is that they can also be used to reinforce the appropriate conventional lubricant.

In field trials, says Rocol, the Ultraform range has demonstrated outstanding improvements in surface finish and production rates.

One company, drawing ½ in deep copper cups, achieved a rate of 600-700 drawers per hour by using one of the products and reckoned that this level of productivity and acceptable finish could not have been obtained with ordinary pressing oils.

Rocol has its headquarters at Swillington, Leeds (0532 862261).

● ENERGY

Efficient heat saver

NEI PROJECTS (Process Engineering), sole UK distributer for the Westinghouse centrifugal "Templifier" heat pump, has negotiated the first sale outside the U.S. of a heat recovery system incorporating the new Westinghouse model TPE Templifier. It is to be part of a new dairy installation being supplied by Engelmann and Buckham of Alton, Hants., to the Unigate Dairy in Walsall.

The system has the very high coefficient of performance (COP) of more than 5.4 and recovers waste heat from a Hydrolock milk sterilisation unit. This heat is supplied to heat water to 70 degrees C for use as boiler feed, milk process and space heating. The system also gives a considerable saving as the water from which the heat has been extracted is cooled down to a temperature which allows it to be re-used as cooling water in the Hydrolock steriliser.

This order will be of particular interest as it is the first centrifugal compressor heat pump application in the UK.

NEI Projects (Process Engineering), Victoria Works, Gateshead, NE8 3HS. 0632 770288.

● INSTRUMENTS

Tells if shaft is in trouble

IN MOST rotational machinery the noise and shaking produced by out-of-balance effects are relatively easy to detect; torsional vibration in shafts is less easily identified —and sometimes not noticed until the component breaks down.

An instrument developed by Scientific Atlanta and available in the UK from Data Acquisition of Stockport allows torsional oscillation measurements to be made and then used to determine if a system is performing according to criteria established by the manufacturer.

The unit acepts inputs from magnetic or optical encoders and is able to plot torsional vibration data in two ways. In a histogram plot mode the instrument analyses and plots sequentially the vibration amplitude of each engine "order," that is, the frequencies which are multiples or sub-multiples of the shaft angular velocity. Out-of-the-ordinary amplitudes are easily seen.

Alternatively, an "order plot" mode selects the engine order of interest, say "times 3.5," and then plots the amplitude as a function of engine RPM.

The instrument incorporates a small pen recorder and plots the data on a separate card for each order. Both X and Y axis scale factors as well as the order number are automatically printed.

For the "order" mode, the instrument uses narrow band-pass filters which lock on to the selected order frequency and track it through two selectable RPM ranges.

A front panel meter monitors the vibration amplitude and also serves as a battery test indicator. Displacement signals are available for external use.

More about the model 2524 from the company at Brookfield House, Hopes Carr, Stockport, Cheshire SK1 3BG (061-477 3888).

LOMBARD

The limits of reason

BY DAVID FISHLOCK

THE FEROCITY with which those opposed to nuclear power have greeted Lord Rothschild's recent suggestion that the Government might try to draw up an "index of risk" to help the public get risks into proportion does not suggest too much interest in a dispassionate search for truth in this matter. It is reminiscent of the less temperate outbursts which followed publication of the report on the Windscale inquiry, suggesting that since the inquiry had concerned itself with verifiable facts such inquiries must therefore be the wrong way to approach the problem.

Values

Lord Rothschild himself, drawing readers' attention to several "inaccuracies or misrepresentations" in an attack on his Dimbleby lecture in the scientific journal Nature, says sweetly that they were "doubtlessly unintentional." Stephen Cotgrove, professor of sociology at Bath, expressed the resistance to consider hard facts in its most civilised form when, in a letter to The Times, he said that the nuclear debate was about values, not facts. "The acceptability of risk cannot be isolated from values." He is right; but that is no argument whatsoever for refusing to take a cool look at the statistics of risk.

The exasperation of those who believe most strongly in nuclear energy—who tend to be those who know most about it and are associated most closely with its risks—is quite palpable these days. In Washington the other day a journalist advised a woebegone U.S. nuclear industry at its annual conference to let out a "great bellow of rage" at the torment it was enduring so passively from its opponents. It was time to strike back.

In Britain, the irony of British Nuclear Fuels being obliged to pay "hostility money" to its Windscale workers is not lost on the industry's leaders who—with scant public support from politicians in defending an activity the Government itself officially approves of—are constantly exposed to attacks by the media. The torment has led, however, to the idea being canvassed of a counter-attack by the nuclear industry upon the coal industry. This is a heavily subsidised public activity, the high risks of which—at least to its employees—are freely acknowledged by government. The forthcoming public inquiry into the Vale of Belvoir deposit would afford a convenient public launchpad for such an attack.

As Lord Rothschild has suggested, the risks are not only to those who choose "freely" to work at the coalface. They touch us all. He challenged the Coal Board and the Royal Commission on Environmental Pollution to refute the charges of the American Medical Association this summer that a coal-fired power station caused 400 times as many premature deaths as a nuclear station.

The economic trend is already plain. The nuclear industry is often attacked for the way the price of nuclear power stations has escalated in the 1970s, well beyond the factor ascribable to inflation. Increasing concern with their safety is the extra factor. But the U.S., with rather wider experience than Britain of commissioning new power stations in the Seventies, finds that just about the same factor for safety can be ascribed to the increased cost of coal-fired stations.

Is it really a highly developed sense of values that persuades people to support coal rather than nuclear energy? Or is it merely expediency? It is becoming clearer that the so-called "benign and renewable" energy forms are less benign and much more expensive than nuclear energy's opponents have led politicians and the public to believe. The government sifted the options according to the promise they held for Britain and chose wavepower as much the most promising large-scale source. It funded a variety of experimental work into different ways of harnessing waves. It then asked independent engineering consultants, unconnected either with wavepower's potential customers or the Department of Energy, to extrapolate those experiments and estimate the likely electricity cost. It turned out to be a horrifying 20p a unit or more.

And so we come back to coal. But a finely honed sense of values would surely say that men should not be permitted to work underground, much less at a coalface. In Britain it is clear that there is no way in sight for raising coal from the richer deposits, half-a-mile or so deep, without miners.

None of this, of course, supports the case for a counter-attack by nuclear interests upon the coal industry. But it does show just how vulnerable the coal industry and its supporters would be to a well-orchestrated intellectual assault on the safety and social values of winning and burning coal, along lines analogous to those being used to make the case against nuclear energy.

AROUND BRITAIN

WINDSOR

Juggernauts at bay

BY JOHN GRIFFITHS

WINDSOR'S line of defence against the juggernaut lorry runs in a 12-mile arc south of the castle, just beyond the range of vision from its battlements. And despite being severely tested, the defences have held.

The decisive clash in the battle of the Windsor road cordon, in which Berkshire County Council has sought to retain a six-month-old ban on heavy lorries from a wide area around Windsor, was fought out in the High Court just before Christmas. Berkshire, the victor, is now free to decide whether to make the ban, which is still experimental, permanent. The losers, the Freight Transport Association, the Road Haulage Association and the National Farmers Union, retired from the field. The decision cost the losers an estimated increase of £½m per year in the operating costs of their members, and the £10,000 bill for the court action. They are not to appeal.

The five-year-old Heavy Commercial Vehicles (Controls and Regulations) Act, dubbed the Dykes Act after its sponsoring MP, Hugh Dykes, charged local authorities with surveying lorry movements, identifying areas where heavy lorries were considered to be causing environmental damage—and gave them, for the first time, the power to deny access to lorries on environmental grounds.

Berkshire decided to impose a five-ton unladen weight limit except for access, on 11 50-yard stretches of road, and one of 25 yards, at all junctions in a semicircle stretching from the M4 near the Thameside village of Datchet, east of Windsor, to the M4 at Paley Street, nearly 10 miles to the west.

Since virtually all the road "plugs" are in rural areas, their total 575-yards length contains at most a few farm gates. But the plugs' combined effect is to make the 40 square miles around Windsor a "no go area" for heavy traffic.

The road lobby argued in court that Berkshire had exceeded its powers under the Dykes Act by not delineating the overall area of the ban and in not providing reasonable access to areas affected, but not specifically covered by the ban. However, the judge ruled that the council was required only to name the specific stretches of road covered by the ban, and pointed out that maintaining such access was described in the Act as desirable rather than mandatory.

While Berkshire prefers to call its cordon "unique" rather than "devious," it is certainly ingenious in that it is much easier to police than would have been the case if the entire area had been labelled "prohibited except for access."

Berkshire justified the ban on the grounds that for many years it had been suffering from an unreasonably heavy use by northbound and southbound juggernauts wishing to avoid the congested areas nearer to London in the east. Once the M25-M3 link to the south-west of Staines was completed, it felt justified in using its new powers to create the cordon.

The five-ton ban is not a complete one. Agricultural tractors and trailers, animal transporters, milk, oil and petrol tankers, breakdown and ready-mixed concrete vehicles are automatically exempt. For other companies genuinely requiring access, bright yellow windscreen permits are issued for easy identification. So far, nearly 1800 have been issued, and 16 applications refused.

In the seven months since the ban was introduced, there have been no police prosecutions for infringement. But county officials suggest that the police had been taking a softly, softly approach, pending the outcome of the High Court action. Enforcement, they indicate, will now be stepped up.

What is clear is that for those living within the area, the ban has been a marked success. The rush-hour tailbacks on the Windsor approaches have shrunk noticeably and the Transport and Road Research Laboratory, which has been monitoring the scheme, reports that some 1,500 heavy lorries per day are being kept out of the cordon area. On routes directly affected by the ban, 1,400 homes are enjoying an average daily drop of 410 passing lorries.

But the other side of the coin is that for 1200 homes on the perimeter of the cordon, there has been an average daily increase of 360 lorries.

The National Farmers Union's involvement has been based on fears of disruption to feedstuffs, fertilisers and other supplies to the dozens of farms within the cordon area. But so far farmers report no major problems.

"We've said all along that this scheme is unlikely to solve any problems, only move them elsewhere," points out Mr. Don McIntyre, transport officer for the 14,900-member Freight Transport Association, the members of which operate some 400,000 heavy commercial vehicles.

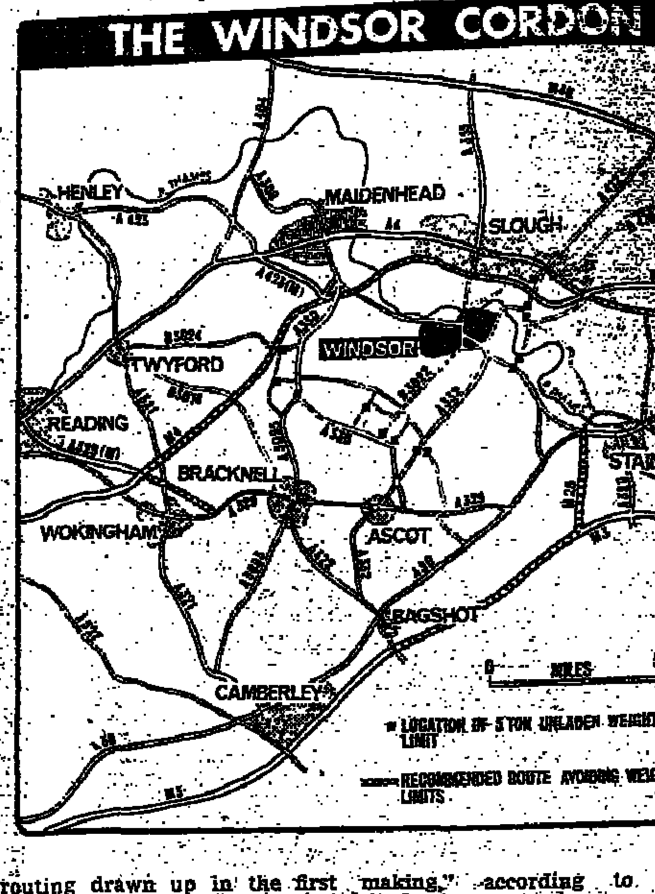
The hauliers' over-riding concern now is that local authorities elsewhere, virtually all of which have abandoned the schemes for mandatory lorry routing drawn up in the first flush of enthusiasm after the passing of the Dykes Act, will now look again at the possibilities created by the Windsor cordon decision.

So far, only Cumbria County Council is near to publishing details of a similar ban, on the A591 between Keswick and Kendal, although West Yorkshire also wants to implement a ban on heavy lorries crossing 13 bridges in the Leeds area.

Berkshire does not particularly seek to minimise the hauliers' difficulties; its own original projections of the cost of the ban (£¼m per year at 1976 prices) were presented to councillors ahead of the decision to implement the ban, "to bring home the gravity of the decision they were making," according to Mr. Wardle. "They were told simply, 'this is the cost of protecting the environment.' In making a decision to go ahead, we were fully aware of the need for a before-and-after study. And it still stands that if it is found not to work, then we are quite willing to take the ban off. But since the scheme was introduced, not one substantiated case of hardship has been presented by anyone. It's been eerily quiet."

The ban's initial experimental period, which expired in December, has already been extended for six months and can be extended again by the same amount. But by December 1979, Berkshire must decide whether to abandon the scheme—or make it permanent.

THE WINDSOR CORDON



Queen's College set for victory

RACING

BY DOMINIC WIGAN

QUEEN'S COLLEGE, the sole course and distance winner in the line-up, looks to be the one to back in today's renewal of Newbury's three-mile Weyhill Handicap Chase.

The Queen Mother's tough and consistent seven-year-old, who succeeded in making the frame on each of his five appearances last term, gained his success here with a head victory over Nelson Boy in a poor novice event: running on gamely to win in the final strides.

Although the form of that event does not amount to much, Queen's College showed sufficient promise on two other appearances last season to suggest that he could well become a smart staying chaser given time.

If, as reports suggest, the College Green gelding has gone the right way over the close season, he ought to prove capable of giving a fair amount of weight to St. Cadwaladr, not seen out since running Joe Kelly to six lengths on his chasing debut at Chepstow last season.

Captain Tim Forster has decided to saddle Burridge in preference to Lochus, Uther Pendragon, Forbidden Fruit and Deep Memories for the 2½-mile Hungerford Chase and I believe the tip will be worth taking.

Burridge, who easily landed the odds in a novice hurdle early last season, showed that the bigger obstacles held no fears for him when not beaten far by The Clerk at Worcester on his chasing debut.

In the absence of Snowshill Sailor he is given a reasonably confident vote. Course and distance winner, Hesgotit, looks a better proposition than Ambremont who had only to stand up at Kempton on Tuesday for the forecast.

With Easy Commission, Goose Pimple and Ten Dollars More all absentees from the Elcot Park Novices Chase, the way may well be clear for Ian Watkinson's moderate mount, Miss Melita.

This seven-year-old who lost touch with Great Brig in the final half mile at Uttoxeter's 3½-mile Rocester Novice Chase on December 14, will be all the better for that run and it is doubtful if she will find an easier opportunity of opening her account over fences.

In spite of the strong claims of Tony Dickinson's northern challenger, Honegger, I shall be looking to Pardon for the winner of the Ramsbury Hurdle.

Fred Winter's improving four-year-old easily disposed of Genovese in the closing stages of the valuable Hampton Court Hurdle at Ascot on SGB Day and it could well be that he is now a young hurdler with a bright future.

Half an hour after the Ramsbury Hurdle Royal Judgment seems certain to take a great deal of beating in the Abingdon Opportunity Hurdle. Josh Gifford's five-year-old gave Bailador 11 pounds and a 12-length beating in a handicap at Kempton on November 22 and that form looks superior to anything recently achieved by his opponents.

For the danger I turn to Leterellan who beat Metals by seven lengths at Uttoxeter after going down narrowly to Honegger in Chepstow's 2½-mile Night Nurse Hurdle.

NEWBURY

12.30—Miss Melita
1.00—Burridge**
1.30—Jack O'Lantern
2.00—Queen's College*
2.30—Pardon
3.00—Royal Judgment***

TV/Radio

† Indicates programme in black and white

BBC 1

9.55 am Paddington and the "Cold Snap." 10.00 Jackanory. 10.15 Why Don't You . . ? 10.40 A Dog in Paris. 10.55 Pixie and Dixie. †11.00 Buck Rogers. 11.20 The Fantastic Journey. 12.10 pm The Little Mermaid (cartoon). 12.35 News. 12.50 Spitfire! The World War II battle for supremacy with the German Me 109. 1.45 Heads and Tails. 2.00 "Bearheart of The Great Northwest." 3.15 Tom and Jerry. 3.20 Glas y Dorlan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Jackanory. 4.35 The Happy World of Hanna-Barbera.

5.40 News
5.50 Regional News (except London and South East)
6.00 Star Trek
6.50 David Soul (a portrait)
7.30 Citizen Smith
8.00 The Liver Birds
8.30 News
8.45 "Ooh, You Are Awful!" starring Dick Emery
10.20 Year of The Horse 78
11.05 "Theatre of Blood."

All Regions as BBC1 except at the following times:

Wales—1.45-2.00 pm Melin Wynt. 5.50 Wales Today. 5.55-6.00 Newydd. 10.20 Kane on Friday. 11.10 "Theatre of Blood." 12.55 am News and Weather for Wales.

Scotland—5.50-6.00 pm News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.50-6.00 Northern Ireland News.

England—5.50-6.00 pm Tom and Jerry—cartoon (London and South East only).

BBC 2

11.00 am Play School (as BBC1, 3.55 pm)
1.30 pm Leonard Bernstein at Harvard
4.15 New Year Matinee: "The FBI Story," starring James Stewart
6.40 News on 2
6.50 "The Glorious Muskateers" (cartoon film)
8.00 Country Game with Angela Rippon
8.30 Pot Black 79
8.53 Cricket: Third Test—Australia v. England (highlights)
9.25 Horizon
10.20 Late News
†10.30 Jack Lemmon in "Days of Wine and Roses"

LONDON

9.30 am Cartoon Time. 9.40 "Great St. Trinian's Train Robbery," starring Frankie Howerd. 11.05 Nobody's House. 11.30 Westway. 12.00 Handful of Songs. 12.10 pm Pipkins. 12.30 Three Little Words. 1.00 News, plus FT index. 1.20 Thames News. 1.30 "Doctor Doolittle," starring Rex Harrison. 4.15 Premiere for Elizabeth: Royal Philharmonic Orchestra. Moura Lympany, Tommy Boyd, from the Fairfield Hall, Croydon. 5.15 Thames Sport.

5.45 News
6.00 Thames at 6
6.30 Father Dear Father
7.00 The Muppet Show
7.30 The Krypton Factor Special
8.00 General Hospital
9.00 Vegas
10.00 News
10.30 "The Wild Bunch," starring William Holden, Ernest Borgnine, Robert Ryan and Edmond O'Brien
1.15 am Close: An event in the early life of Christ read by Xanthi Gardner.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Manfred. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get it to Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnuts. 1.25 pm Anglia News. 5.15 Bygones. 6.00 About Anglia. 1.45 am A Carol for the Christmas Season.

ATV

9.30 am The Adventures of Pinocchio. 9.55 Survival. 10.20 Wilkie on Water. 10.45 Lord Tramp. 11.10 The Skating Rink. 1.20 pm ATV Newsdesk. 5.15 Happy Days. 6.00 ATV Today. 10.30 ATV Today Review of the Year. 11.15 Love at the Movies: "Brief Encounter" starring Sophia Loren and Richard Burton.

BORDER

9.45 am Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get it to Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. †1.20 pm Border News. 5.15 Laverne and Shirley. 6.00 Lookaround Friday. 6.30 Thingummyjig. 1.15 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What on Where. 5.15 Pop Quest Christmas Special. 6.00 Report at Six. 6.35 The Remarkable Rocket. 10.28 Channel Late News. 10.32 Laurence Olivier Presents Best Play of the Year 1973: "Saturday, Sunday, Monday." 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Herbs. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get it to Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 5.15 Laverne and Shirley. 6.00 Grampian Today. 6.30 Sports call. 10.30 Reflections. 10.35 "Two Mules for Sister Sarah," starring Clint Eastwood and Shirley MacLaine. 12.20 am Grampian Late Night Headlines, followed by Road and Sky Report.

GRANADA

9.30 am On the Twelfth Day. †9.50 The Best of Laurel and Hardy. 11.05 Survival Special. 1.20 pm This is Your Right. 5.15 This is Your Right. 6.00 Granada Reports. 6.30 Kick-off.

HTV

9.20 am Stars on Ice. 9.50 Wilkie on Water. 10.20 Take a Bow. 10.40 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnuts. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Survival.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 5.15-5.45 Plant y Byd. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service Except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.25 am Davy Crocket. 10.10 Take a Bow. 10.35 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and Road and Weather. 5.15 Mr. and Mrs. 6.00 Scotland Today—John Toye. 6.30 Steve Jones Illustrated. 10.30 Late Call. 10.35 Feature film—"Two Mules For Sister Sarah," starring Clint Eastwood and Shirley McLaine.

SOUTHERN

9.30 am Cartoon Time. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 5.15 Laverne and Shirley. 5.40 Weekend. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 1.15 am Southern News Headlines.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 The Herbs. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Look-around. 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 1.15 am Epilogue.

ULSTER

9.45 am Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Ulster News Headlines. 1.22 Cartoon Time. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Ulster Television News. 6.05 In Search of . . . Earthquakes. 6.30 The Mary Tyler Moore Show. †10.30 Feature film: "The Golden Age of Comedy." 11.40 News at Bedtime.

WESTWARD

9.20 am The Rolf Harris Show. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 They'll Never Get It To Fly. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Pop Quest Christmas Special. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 Laurence Olivier Presents—The Best Play of the Year . . . 1973: "Saturday, Sunday, Monday." 12.20 am Faith for Life.

YORKSHIRE

9.30 am On the Twelfth Day. 10.00 Tree Top Tales. 10.15 Tarzan. 11.10 Winners and Losers. 11.35 Tell Me Why. 1.20 pm Calendar News. 5.15 Sam. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport.

BBC Radio New Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.02 Paul Burnett. 9.00 Simon Bates. 11.31 Mike Read. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Keith Moon Who. 7.30 As Radio 2. 10.02 The Friday Rock Show (s). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (s). 7.32 Cricket: Third Test (report). 7.34 Terry Wogan (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s) including 1.45 Sports Desk. 2.30 David Hamilton (s) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (s) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Barn Dance in the Radio 2 Ballroom (s). 8.02 Geoff Love conducts the BBC Radio Orchestra (s). 8.45 Friday Night is Music Night. 9.55 Sports Desk. 10.02 Best of the News Huddlines. 10.30 Let's Go Latin. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

‡4.55-7.05 am Cricket: Third Test Australia v. England. ‡7.00-7.05 News (VHF only). 7.05 Weather. 7.08 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composers: Offenbach and Messager (s). 10.00 Holiday Special (s). 10.20 BBC Northern Ireland Orchestra (s). 11.10 In Short. 11.20 Young Artist's Recital (s). 12.15 pm BBC Northern Symphony Orchestra part 1: Dvorak, Haydn (s). 1.00 News. 1.05 Playbill (s). 1.20 BBC Northern Symphony Orchestra part 2: Shostakovich (s). 1.55 Tippett chamber music (s). 2.30 Stomp It Down. 3.00 Misrule' by Alec Reid (A fantasy) (s). 4.05 Schubert and Cherubini concert, part 1 (s). 4.35 Interval Reading. 4.40 Concert, part 2. 5.45 Homeward Bound (s). 6.30 News. 6.35 At Home: Cantelli in Stereo? (s). 7.30 Music from Pebble Mill, part 1: Schumann (s). 7.55 A Miscellany of Persons: First of two extracts from the conversation of James Northcote and William Hazlitt. 8.15 Music from Pebble Mill, part 2: Strauss, Britten (s). 9.05 Public Duty and Personal Faith: The Example of Thomas More (talk by Lord Rawlinson of Ewell). 9.25 Bruckner: Symphony No. 8 (s). 10.55 BBC Symphony Orchestra (s). 11.40-11.55 Tonight's Schubert Songs (s) including 11.45 News.

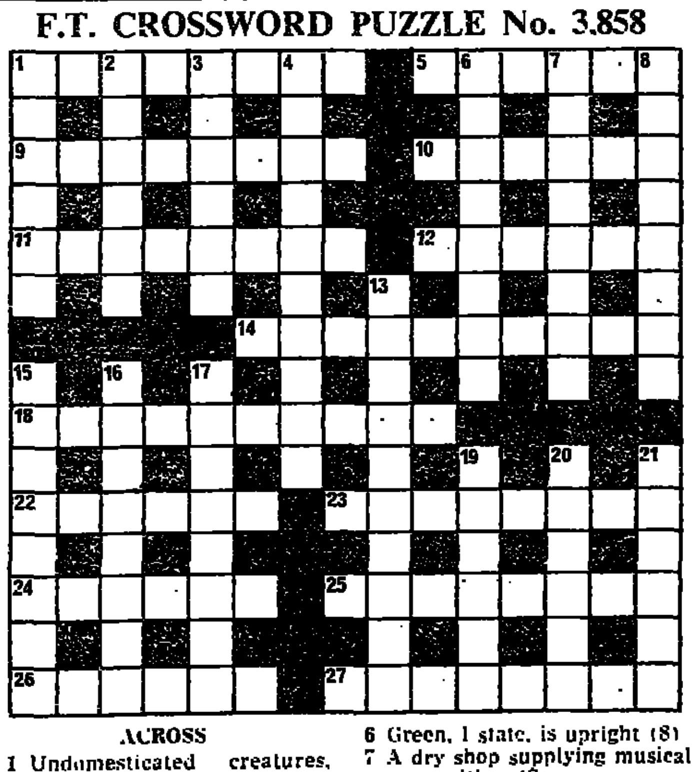
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day; 7.00 and 8.00 Today's News; 7.30 and 8.30 News Headlines; 7.45 Thought for the Day. 8.45 The Story-Teller by Saki. 9.00 News. 9.05 Baker's Dozen (s). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits Aviemore, Inverness-shire. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music. 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Listen to the Banned. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (s). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 The Holy Blissful Martyr For to Seek. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Ray Gosling. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 The Million Sellers. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00 As Radio 2.

F.T. CROSSWORD PUZZLE No. 3,858



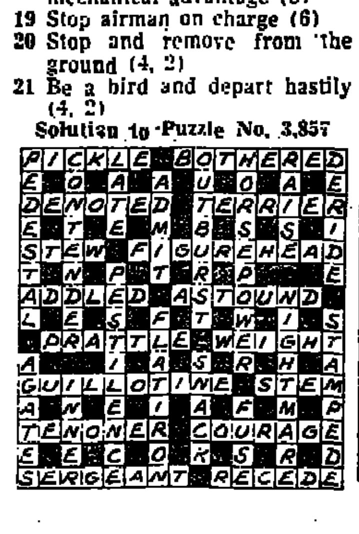
ACROSS

1 Undomesticated creatures, led by a rake? (4, 4)
5 Disinclined to compose a bit of poetry (6)
9 Group of musicians in matching garments (8)
10 Stop accepting direction in front of the wicket (6)
11 Turned as a page may be (8)
12 Failed to see young lady going to editor (6)
14 Tolerate plot to create a turbulent assembly (4-6)
18 High-Fi enthusiast going into print? (10)
22 Drink with favourite needs little flap (6)
23 Colour incorporated in race to river (8)
24 Wrongly beat silver that goes in pot (3-3)
25 Droll fellow talking about literature on sleeper (5-3)
26 River bird to aggravate (6)
27 Warms utensil for skin blemish (4-4)

DOWN

1 Lass holding right tool (6)
2 Bad result giving gloss (6)
3 Gasteropod that could be mine (6)
4 Wrong prongs held on plates (5-5)
6 Green, I state, is upright (8)
7 A dry shop supplying musical composition (8)
8 Oriental repairing and correcting (8)
13 Left one feline in offal and cube (10)
15 I'd accept three consecutive notes to be left alone (8)
16 Note politician delayed making a pattern (8)
17 Left always on time for mechanical advantage (8)
19 Stop airman on charge (6)
20 Stop and remove from the ground (4, 2)
21 Be a bird and depart hastily (4, 2)

Solution to Puzzle No. 3,857



هكذا من الأصل

Cinema

More flaws than Jaws

by NIGEL ANDREWS

Jaws 2 (A) — Empire
A Wedding (AA) — Studio, Cinecenta and selected Odeons
Ernst Lubitsch — National Film Theatre

"Just when you thought it was safe to go back in the water . . ." says the poster, indicating that *Jaws 2* has the unenviable task of following on the fishy heels of the most momentous record-breaker in movie history.

With that masochistic evangelism peculiar to the American leisure industry—this time last year our cinemas were visited by *Rollercoaster*, broadcasting the destructive possibilities of the fun fair—Hollywood is trying for a second time to terrify the public away from the beaches. It won't, I think, succeed. Not that *Jaws 2* isn't already gobbling up receipts at the box office in America. But amid the titillating screams and terror this time round, the visceral shock is gone and it is all too much like a conjuring trick whose secrets have been given away.

The little island-resort of Amity is again the setting and Roy Scheider, he of the worried frown and shark-like features, is the police officer tirelessly championing public safety against the venal interests of the island's tourist-conscious Mayor (Murray Hamilton). When a series of luckless boaters and swimmers mysteriously "disappear" at sea, Scheider unpopularly decides that another shark must be in the vicinity. His view is vindicated when a large party of teenagers are climactically stranded at sea, with the finny creature snapping around their boats eager for his dinner.

Those teenagers are part—or most—of the film's problem. The strength of *Jaws* was that the hunters and the hunted were one and the same—to wit, the central trio of Scheider, Robert Shaw and Richard Dreyfuss. The number of token victims thrown on to the screen merely to be eaten up was kept to a discreet minimum, and so was the quantity of screen time allotted to characterising them. *Jaws 2* dwells for far too long on the anticipatory high-jinks of these Hollywood teenagers, who look as if they have stepped out of *Gidget Goes Shark Fishing*, and there is no one except Scheider in the rest of the cast who seems to have been sculpted by the screenwriters into three dimensions.

Certainly not the shark. In *Jaws 1* the animal operated on a now-you-see-him-now-you-don't basis, so that one never had time to wonder whether it was real or not. In *Jaws 2* the shark sits up and begs to have its unreality noticed. With its lifeless eyes and auto-pilot movements, it looks as if it would be more at home patrolling your bath-tub than pretending to be an ocean-going fish. And although much blood is spread around the screen at climactic moments, the *frissons* in the film are too few, the absurdities and incongruities too many.

*

That last statement can also be made about Robert Altman's *A Wedding*. This strenuously farcical account of a wedding party in richest Chicago uses the Altman cast-of-dozens format (à la *Nashville*) to provide what is more like a hectic series of revue sketches than a unified film. For *A Wedding* Altman has doubled the number of "main" characters used in *Nashville*—24 has exploded into 48—and it is hardly surprising that a sense of hopeless disorientation results.

The familiar faces fly by, and one has to catch the lines they speak and the grimaces they flash as best one can. There is Carol Burnett, smiling in toothsome anxiety as the Bride's mother. There are Nina Van Pallandt and Vittorio Gassman as the mother and father of the Groom. (Or the MOG and FOG, as Mistress-of-Ceremonies Geraldine Chaplin insists.) There are Mia Farrow (Bride's nymphomaniac sister), Howard Duff (worldy, lascivious family doctor), Viveca Lindfors (mad Swedish something-or-other) and Laureen Hutton (itinerant film-maker). There is even Lillian Gish as the aged grandmother of the Groom (GOG ?), who dies in bed in an early scene and lies there throughout the movie as a silent and undiscovered reproof to the revels downstairs.

Mia Farrow steals the film by saying almost nothing (three lines, I hazard) and yet somehow spreading among her fellow characters the rumour that she is pregnant by her newly-wed brother-in-law. The running gags run and run and run: some to good effect (Geraldine Chaplin's demented pedantry as the wedding co-ordinator), some less so (Carol Burnett's whirlwind flirtation with the Groom's uncle).

The pace hardly flags, except for one ill-conceived sentimental duologue between Gassman and Van Pallandt, and for long stretches the overlapping conversation that is an Altman speciality keeps the gags going simultaneously as well as in non-stop sequence. There is even a dance-room scene, in which couples swing past the camera delivering their two-liners, that is like an inadvertent *hommage* to *The Muppet Show*. One searches in vain for Miss Piggy locked in a fast fox-trot embrace with Kermit the Frog.

The problem with *A Wedding* is that it comes from the director of *Nashville*; a multi-character tragicomedy which succeeded in bringing all its characters to life and making the gags serve *them*. In *A Wedding* the characters serve the gags, and if the first do not fit the second then they are made to do so by some Procrustean twisting and stretching. The film is shot in a shimmer of pastel colours that softens any hint of serious social satire. It is all as fluffy and insubstantial as a soufflé. Enjoyable enough: but one hopes that another square meal will be on the way from Altman before too long.

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Talking of square meals—and four days after Christmas may not be the best time to do so—the National Film Theatre is celebrating the New Year with a full-scale Ernst Lubitsch retrospective. The German director famed and fabled for his "touch" is honoured by a mouth-watering season running the length of January. Lubitsch's penchant for sweet-and-sour romantic comedies, playing mischievously around themes of sex, is represented here not only by the well-known movies from his days in Hollywood—*Trouble In Paradise*, *Design For Living*, *The Merry Widow*, *Ninotchka*—but by earlier, less trumpeted German efforts from the late "teens" of the century.

In his preface to the NFT booklet, the season's organiser John Gillett wags an admonishing finger at those who would consign the German director to the imprisoning—and trivialising—cliché of "the Lubitsch touch." To do so, argues Gillett, ignores his steady and thoughtful development through three decades of movie-making.

There is no doubt that Lubitsch's career was a triumphant object lesson in consistency and certainty of style and vision. Alone among the pre-war German directors who moved to Hollywood (he did so very early, in 1923), Lubitsch had almost no teething troubles in adapting his polished, swirling style to American settings and characters. He found, furthermore, both in Germany and America the ideal players to enact his brittle, satirical, feather-light romanticism: actors and actresses like Pola Negri, Maurice Chevalier, Claudette Colbert, Jeanette Macdonald, Carole Lombard, Greta Garbo. All these are to be seen—and many, many more—in the coming month at the NFT. Book now.

Canapes and champagne—a scene from 'A Wedding'

Colin Huehns (centre) in "The Two Fiddlers"

Jeannetta Cochrane

The Two Fiddlers

by DEBORAH PICKERING

This is destined to be a "school opera" although its unequivocal message is a warning to adults, who masochistically dominated the audience of its London premiere on Wednesday.

The story of two fiddlers, one of whom fell among trolls, is based on a Scandinavian-Orkney folktale. George Mackay Brown retold it in a book from which Peter Maxwell Davies has created his two act opera.

Fiddler one, Storm Kolson, was played by Simon Haynes who, like the rest of the cast and orchestra, is a pupil of Pimlico School—incidentally, the only school where the local education authority has set up a specialist music course inside a large comprehensive.

Storm is lured into the trolls' mound where he plays a tune for the king and queen and an assorted bunch of long-armed subjects whose fingers tickle the ground as they whoop and whirl in concentrated malevolence. He is rewarded with a wish . . . and asks that Orkney folk should never have to work again; and extends his visit for 21 years.

Meanwhile, back in reality, his mate Gavin (Ben Buckton) has freed himself from Storm's music and mayhem. He marries, reproduces, buys a bungalow, a television set, a life insurance policy and collects his old age pension.

When they next meet, in Act 2, Gavin looks aged but Storm Two, Storm is still a young man. He is, nevertheless, astonished to discover that he has "lost" 21 years underground and further perturbed to find his wish has come true . . . the islanders watch television all day long and eat chocolates whose papers are unwrapped for them by unseen supernatural hands.

Food, drink and entertainment are all *gifts of the trolls* —and nobody works. Bacchanalia is occasionally interrupted by someone's effort of turning the switch over from one abysmal (ITV is featured) television channel to the other—in this case, TBC, the trolls' own station.

Thank God for music! Storm does his thing on the fiddle, is forgiven and joined by Gavin, and soon the island is rocking and rampant with pent-up energy. Then people actually start to work once more.

Enthusiasm can mollify a multitude of sins. The Pimlico players burst with vigour that is twice as strong as vocal quality.

The music is made for children to perform and is not overtaxing. At times it is almost enchanting. In all, it is 50 minutes of immense fun.

Arts news in brief . . .

The Arts Council Poetry Library, formed in 1953 and claimed to be the most comprehensive and accessible collection of 20th century poetry in the English language has moved from 105 Piccadilly to 9 Long Acre. The move will give the library much needed extra space and will considerably improve facilities. The Arts Council Literature Department is also moving to Long Acre and in the New Year the Arts Council Shop will also be transferring from Sackville Street to the adjoining premises.

The library was set up by the Arts Council of Great Britain in 1953 and the collection was first housed at the National Book League's headquarters in Albemarle Street. It moved to 105 Piccadilly, the Arts Council headquarters, in 1969. The collection has grown substantially over the past six years and the move to larger premises in the Covent Garden area will enable the further development of the collection in a well-designed library.

At its new premises in Long Acre the library will be open Tuesday to Saturday from 10 am to 5 pm with late opening until 7 pm on Fridays.

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On January 4 the Oxford University Press, which has made its reputation from reference books and other works of scholarship, publishes a series of books especially designed for children who have failed to learn to read.

The course is called *Fuzzbuzz* and has been devised by Colin Harris, deputy headmaster of Eston Lowfields Special School in Middlesbrough.

Fuzzbuzz aims to teach a basic 250 words, and its structured combination of reading books and workbooks ensures that the pupil will never be discouraged by being confronted with something he cannot read.

King's Head

Zastrozzi

by B. A. YOUNG

This is not an adaptation of the romance that Shelley wrote at Eton, but an original piece devised by the Canadian writer George F. Walker when he had read a description of it. It is a Gothic revenge tale full of violence and murder but of not much else. Zastrozzi flatters himself that he is the "master-criminal of all Europe," though in this play he sets himself only one easy target. He intends to kill Verezzi, the complete Renaissance man who has embraced all the arts one after another and is now mainly concerned with being the voice of God, if not God himself. Verezzi murdered Zastrozzi's mother, but we never hear the details; the act is no more than the spring in the clockwork of the plot.

A basic Tom-and-Jerry chase continues throughout the play with little deviation. Zastrozzi decides to tempt his victim into the suicide with the help of the trollop Matilda, so ensuring that he will go to hell; but the line leads to nothing. There is also a young virgin, Julia, who provides scope for some incidental seduction (once, rather cleverly, with words alone) and provides some action for Zastrozzi's man Bernardo, a kind of Leporello.

My problem lay in deciding whether the play was true pastiche Gothic or parody. The incidental music played by Andy Smith at the piano indicates parody; it sounds like an amateur organist extemporising a Voluntary. But the writing is consciously literary. When Zastrozzi says that Verezzi is a fool, Bernardo (who is given a likeable Cockney performance by George Sweeney) says: "I would tend to agree." In spite of all the rough-housing and sword-play so admirably directed by William Hobbs, I think the story belongs between covers rather than on the stage.

John Castle plays Zastrozzi like Lucianus in *The Murder of Gonzago*, radiating evil as hard as he can go. He has a good time when, after a nightmare in which he is leading the forces of good against the forces of evil, he cannot resist putting on a terrible good-natured smile as if it were a false nose. His opponent, Verezzi, gets little from Anthony Milner but a beard and a Bunthorpe voice. Susan Penhaligon plays Julia as the essence of virginity, rippling with orgasmic shivers when Zastrozzi merely describes the process of seduction; and Christina Greatorex in a vivid gipsy dress wields a passion or a sword as well as the men. In a finale to rival *Hamlet's*, all the characters but Zastrozzi lie dead in a disused prison for lunatics.

Kenneth Chubb directs with resource, and Rita Furzey has provided some appropriate designs on a simple scale.

St. John's

L'Enfance . . .

Listeners to Radio 3 were to have been the main beneficiaries of last Friday's performance of Berlioz's oratorio by the BBC Singers and BBC Symphony Orchestra. But the strike by members of the Association of Broadcasting Staff meant that it was heard solely at St. John's.

I wondered, nevertheless, how on earth the intended radio audience was supposed to follow the work, which does not unfold in familiar biblical sequence. The decision to perform it in French, instead of in a good English translation, seems in retrospect to reflect those mandarin-like attitudes of the BBC's music management which have helped to make Radio 3's audience as small as it is.

There might have been an excuse if French solo singers had been specially engaged. But this performance was particularly "home-made" and not remarkable for distinction of style. That admirable young baritone Stephen Roberts, in the role of Joseph, seemed the best habituated to Berlioz's idiom. Ann Murray (Mary) did not seem happy at exchanging Italian operatic coloratura for these long-sustained lines. Brian Burrows as the Narrator faltered in tone towards the end, and *Paul Hudson* (Herod and Ishmaelite) had the right bass sonority but little persuasiveness in the language.

The performance was conscientiously shaped, in a rather restrained style, by Gennady Rozhdestvensky — who continues to show the widest sympathies in his first season as the BBC's principal conductor.

ARTHUR JACOBS

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The monopoly buyers

A RECURRING theme in the history of Britain's nationalised industries has been the uneasy relationship with their suppliers. Several of the state corporations have been accused of undermining their suppliers' export prospects by choosing equipment to suit their own engineers' tastes, with no regard to overseas requirements. This applies particularly to the Post Office, where the inability of the British exchange equipment makers to offer a competitive system is blamed on faulty technical decisions by the dominant purchaser.

The hope is that System X, the all-electronic system now being developed for the Post Office, will enable the British telecommunications industry to regain a respectable share of the world market. But there appears to be no agreement as yet on how the system is to be marketed. The Post Office is hoping to establish an international marketing company which will include itself and the three main supplying companies, General Electric Company, Plessey and Standard Telephones and Cables, the ITT subsidiary.

Showcase

In principle, the direct involvement of the dominant domestic purchaser in selling equipment and systems overseas would seem to be undesirable and unlikely to be effective, not least because of the potential conflicts of interest among the consortium members. There are other ways in which the state corporations can usefully assist their suppliers to gain export business. The most important is to act as a showcase to potential foreign customers who wish to see the equipment they are being offered in operation. The experience and know-how of the state corporations in their particular industries are highly regarded overseas: consultancy work by such organisations as British Rail and British Steel has led directly or indirectly to hardware orders for UK equipment manufacturers and contractors.

The nationalised industries can, at least in theory, use their buying power to influence the structure and performance of their supplying industries and so make them more competitive internationally. Attempts to exercise this power, however, have had rather mixed results. Some mergers were brought about in the mining machinery industry during the 1960s through the combined efforts of the National Coal Board and the Industrial Reorganisation Corporation: the results appear to have been satisfactory. But recent experience with the turbine generator and boiler industries has been much less happy. Unless the state corporation is prepared to take a firm view about the appropriate structure of the industry and to impose it on the companies concerned — and for this it needs full backing from the Government — the end result is likely to be muddle, bitterness and an even more divided industry than before.

Nuclear gloom

The nuclear industry presents an even gloomier story, with apparently endless arguments about the choice of reactor system and about the right organisation for building it. This debate, which has gone *on for at least ten years* and could continue for another ten, has made a major contribution to the failure of the British industry to export nuclear reactors.

Part of the problem is that the state corporations simply have too much power. Because decisions are centralised they become political decisions, subject to lobbying from all interested parties. If a wrong decision is made, as in the choice of the Advanced Gas-cooled Reactor (AGR), it will have profound consequences on the supplying industry for many years. It would be highly desirable for some of this decision-making power to be decentralised, but proposals for splitting up the Central Electricity Generating Board, for example, into four or five regional authorities have never been given serious consideration by successive governments.

Restructuring

Breaking up the telecommunications side of the Post Office is, unfortunately, not a practical proposition: the decision to introduce System X has to be a national decision. The task for the Post Office is so to organise its procurement and its development work as to facilitate the emergence of a supplier (or suppliers) who can start taking big overseas contracts away from Ericsson of Sweden, Siemens of Germany, Nippon Electric of Japan and the rest. This may involve some restructuring among the supplying companies, but it may also require the Post Office to relinquish to the companies some of its system designer role. Without the right relationship between customer and suppliers, System X could prove to be another of those British innovations which no-one wants except the British.

Second chance for Namibia

SOUTH AFRICA has now announced its conditional acceptance of UN plans to hold pre-independence elections in Namibia next year. It is a move that is open to a wide variety of interpretations, ranging from a cautious optimism that an internationally accepted Namibian settlement may now be in sight, to continuing pessimism and a profound scepticism of Pretoria's motives.

All that can be said with any confidence is that the prospects for a settlement acceptable to the UN seem somewhat brighter now than last October, when the South Africans announced that they were going ahead with their own "internal" elections in Namibia in December, in defiance of the UN and of the five Western powers which have been trying to negotiate a settlement for nearly two years now. Pretoria merely said at the time that it would use its "best efforts" to persuade the "leaders" who emerged from these elections to consider ways of achieving international recognition.

'Best efforts'

These "best efforts" (a euphemism for the fact that Pretoria can ultimately dictate terms to the Windhoek politicians) turn out to have been more forceful than many people expected. Just before Christmas, the newly-elected assembly in Windhoek agreed in principle to UN supervised elections, albeit with some pre-conditions.

In turn, the South African Government has now written to Dr. Waldheim saying that it has "decided to co-operate in the expeditious implementation of Security Council Resolution 435," which covers plans for a UN supervised election. Although Pretoria attaches five pre-conditions to its acceptance, none of these seem in themselves incompatible with Resolution 435.

But among the preconditions are a number of issues which could complicate future negotiations. These include an insistence that the election take place not later than September 30, 1979 and a demand that there be further consultations on the size and composition of the UN military force to be sent to Namibia.

In themselves, these and other outstanding issues need not be insuperable barriers to an international settlement. What matters is the willingness of the South Africans and the black African states which support Swapo, the Namibian nationalist movement, to reach a compromise.

Although South Africa's past conduct inevitably casts strong doubts on its motives, Pretoria has at least put on an appearance of a more co-operative stance towards the UN during the past few weeks. This may be due in part to the high turn-out in this month's election, when the pro-South African Democratic Turnhalle Alliance won 80 per cent of votes cast. The election proves nothing—it was *boycotted* by virtually every other party, including Swapo, and there have been allegations of voter intimidation. Nevertheless, it may have made Pretoria less worried about Swapo as an opponent in a UN poll.

Vulnerability

At the same time, the halt in oil shipments from Iran, which supplies South Africa with 90 per cent of its crude, has underlined the country's vulnerability to the sanctions which have been threatened if it does not go along with the UN on Namibia.

Certainly, South Africa seems at present in no mood for blustering defiance of the international community. Its past record suggests that it may merely be playing for time, but it is also possible Pretoria has realised that it now must work towards an accommodation with the UN on Namibia.

Economy and political institutions under strain

Turkey's tightrope walk between chaos and coup

BY DAVID TONGE

Burnt-out minibus in Maras, eastern Turkey after fighting between left and right wing factions last week.

TWO YEARS AGO, Turkey seemed poised to recover its old imperial greatness, or so many Turks would have had one believe. Economic growth was averaging 7 per cent, one of the highest rates in the OECD. The air was full of talk of green revolutions and a great leap forward into heavy industry.

Now they are a shell-shocked nation which, while retaining its faith in tomorrow, wonders how it will struggle through today. Both political and economic crises have been mounting, in spite of a series of belated and severe measures. Even so radical a move as the introduction of martial law this week is in a sense merely the tightening by one more notch of an already tight belt.

This year's toll of political deaths is around 800, treble the sorry record for 1977. The Sunnis and Alevis (as the Shi'ite Moslems are known in Turkey) are in open conflict and the country's 5m-7m Kurds are as restless as at any time since their last uprising was crushed by Kemal Ataturk in the 1920s.

As for the economic background it could hardly be worse. Just as there are queues at the mortuaries, so there are queues for bread, meat, heating kerosene, and cooking gas. Power cuts are a daily occurrence. There are frequent shortages of petrol.

The weight of overdue foreign debts and famine of foreign exchange have choked the flow of the imports on which industry and investment depend. Factories are on average working at half-capacity. Unemployment is approaching 20 per cent of the labour force. Consumer prices are rising at an annual rate of nearly 60 per cent. The growth of GNP is down to 2.7 per cent—a rate little above the annual population increase.

All these problems pre-date the access to power exactly one *year ago of Mr. Bulent Ecevit.* That he has since had so much trouble in coming to grips with them reflects in part the cold shoulder that Turkey, a member of NATO, has been shown by the West. But it is also indicative of the fundamental nature of the problems. Turkey is a country in the process of transformation. In the course of this transformation it is inevitable that the political institutions shaped by yesterday's reality should themselves come under strain.

In the last quarter of a century Turkey has seen its subsistence economy largely replaced by a market one. As part and parcel of this there has been a massive population shift. In 1950 only 18 per cent of Turks lived in towns of over 10,000 inhabitants. Today this share is 44 per cent. Three-fifths of those living in the main cities were born elsewhere. Over half of them have to make

Mr. Bulent Ecevit: cold shoulder from the West.

do with shacks little better than *slums.*

This strain on urban living is matched by the breakdown of traditional patterns both in towns and in particular in the heartland of Anatolia. The road network has extended to most of the country's villages, bringing in its wake the outside world. Tractors are breaking down traditional cropping patterns. The return of emigrant workers from West Germany, the wider use of radio and, more occasionally, television and newspapers, are spreading ideas which question practices dating back to the time when Turkish hordes stormed through Anatolia in the early part of this millenium.

Such mobility of population and ideas have inevitably put fresh strains on the Kemalist philosophy which underpins modern Turkey. The republic itself was conceived in the bitterness of the years when Britain and France occupied Istanbul and backed the Greek invasion of Asia Minor. But in *1923, when the republic finally* emerged from the ashes of the Ottoman Empire, Kemal Ataturk set a course of reform and westernisation.

He was a close friend of Reza Shah, the present Shah of Iran's father, and like him was a despot. But his achievements in modernising the fabric of his country have largely stood the test of time. In the six years after he abolished the Caliphate in 1922 he repealed the Holy Law, the *seriat*, disestablished Islam, and had references to it removed from the constitution. He ruthlessly crushed those who resisted his dissolution of the various Islamic brotherhoods.

On the economic front he may have neglected agriculture but in spite of his crushing of the Communists he obtained Soviet help in laying the foundations of central planning and State industry. Equally important he made change and a fight against privilege the accepted targets of the young Turk.

Kemalism has in it the valuable vagueness which allows it to be the creed of widely differing groups. Its basic concepts are the "six arrows" which form the symbol of the Republican People's Party which Ataturk founded and which Mr. Ecevit now heads—secularism, nationalism, populism, republicanism, for the predominance of the State and (peaceful) revolution.

In the 40 years since Ataturk died, part of this lay, mixed-economy, approach has been eroded. The late 1940s and in particular the 1950s saw religion allowed into the open. As a result of U.S. insistence planning, however rudimentary, and the idea of the mixed economy were placed by *laisser faire* and the development of free enterprise. By the end of the 1950s the economy was in chaos and Mr. Adnan Menderes, then Prime Minister, had so abused a political system tailored to the form of Ataturk himself that the armed forces stepped in. They have *long seen* themselves as the custodians of the modernising tradition which Ataturk—himself a successful general—had sought to institutionalise.

The military coup of 1960 ushered in a liberal constitution but the next two elections saw power returned to the anti-reformist forces that the army had overthrown. By *the late* 1960s the Left was actively challenging the belief that *reforms* could be introduced through Parliament. At the same time a group in the army was preparing a Left-wing coup which, but for the defection of General Faruk Gurler in 1971, could have seen the army's intervention that year being radically different from the form it took. In the event its ultimatum which led to the resignation of Mr. Suleyman Demirel and his (conservative) Justice Party Government *ushered in a* witch hunt of the Left and widespread use of torture during the two years of martial law which followed.

Since then the constitution has been made more restrictive but the basic nature of the State has remained egalitarian and participatory. The rule of Parliament has been reasserted but the elections of 1973 and 1977 both led to no clear Parliamentary majority nor any natural coalition. The Nationalist Front coalitions headed by Mr. Demirel polarised the political climate without being able to agree between themselves on any major policy moves. By comparison, Mr. Ecevit has this year run a relatively tight ship.

At the same time the challenge to Kemalism has been mounting, from at least four separate directions. The National Salvation Party (NSP) under Mr. Necmettin Erbakan has attempted to lead an Islamic revival. After some early success in the provinces it has apparently run out of steam, partly because of the lightweight nature of Mr. Erbakan himself, partly because the secularist policies of Ataturk have *largely* worked, *and* partly because the NSP has been outflanked by the far more militant and aggressive Nationalist Action Party.

This creation of a retired Colonel, Mr. Alparslan Turkes, has been compared in Turkish intelligence reports with the early Nazi party. Mr. Turkes would abolish parliament and replace it with prime ministerial rule. He dismisses social democracy as "the democracy of the employers." Criticising "sadistic Slav Marxism" and "the cold capitalism of the *Anglo Saxons," he called for a* "third way."

His appeal to the national heritage of the Turks and to their previous great empires—he cites the Moghul Kingdoms in India—in practice has led to the first stirrings of racism of a sort not seen since the massacres of Armenians and Kurds earlier this century. Equally, his followers appear to have been benefiting from, if not actually inciting, the differences between the long co-existing Sunnis and Alevis. As for violence in the cities, neither Mr. Ecevit nor anyone else in authority makes any secret of his belief that the militant Right is mainly responsible.

If Islam and a version of national socialism represent two challenges to Kemalism, the third challenge comes from the Left. The Maoist and similar movements have been increasingly militant. But Mr. Ecevit may be more worried by increasing criticism from the pro-Moscow parties—the Turkish Workers' Party, TIP, and the still-banned Communist Party of Turkey, TKP.

They are strong in the union *movement and in powerful pro*fessional organisations. The TKP at least has long supported Mr. Ecevit as the only alternative to the fascist threat it fears. But while long critical of Kemalism in general it is now increasingly critical of Mr. Ecevit in particular—for his refusal to capitalise on the support he had from the Left, for his "weakness" in tackling right-wing militants, for his economic policies, and for his countenancing "anti-democratic" measures of the sort which he consistently opposed when in opposition.

More specifically, he is criticised for failing to make the police a more effective force and to rid it and the intelligence services of NAP supporters who have infiltrated these bodies. Before the introduction of martial law he had been planning to make certain normal courts solely responsible *for* political violence and more controversially to give the security services powers of arrest and search without warrant.

A fourth challenge to Kemalism comes from the West itself. Just as the U.S. opposed *the mixed model of develop*ment applying in Turkey in the 1940s, so the West and in particular the International Monetary Funds have been bringing pressure for major changes in the economic field—and in particular for the running down of the state economic enterprises and the opening of the country to foreign investment.

In spite of recent talk in favour of foreign investment, when the U.S. Ambassador in Ankara was about to deliver a eulogy on the subject, the Minister of Finance, Mr. Ziya Muezzinoglu, had the paragraph in the speech removed, according to the Diplomat, a weekly newsletter from Ankara. As for the IMF, it has been at odds with Turkish Governments for the last 18 months, demanding the acceptance of an austerity programme but continually, in Turkish eyes, raising its demands. Its latest argument with Turkey has been about the release of the third tranche of the $450m credits agreed in the spring. The IMF is arguing that Turkey has not kept to the letter of intent and is demanding a further devaluation of the Turkish lira by around 30 per cent and a freeze on wages.

The tranche involved is a mere $38m, but its symbolic importance is far greater as the IMF's good-housekeeping seal is crucial for Turkey's attempts to attract fresh money to supplement the rescheduling of $1.2bn worth of debts which it has so far arranged.

The banks have largely been voicing the same arguments as the IMF does in private — that Turkey has to take the well-worn classical measures, however harsh. But the resentment caused is immense with Mr. Ecevit openly criticising the IMF for failing to allow for the political consequences of its actions. Indeed, such is the resentment that there is a widespread belief that perhaps after *all the IMF is only too well* aware that the measures it calls for could cause Mr. Ecevit to fall like Mr. Mario Soares in Portugal. Further, those closest to Mr. Ecevit say that the West and in particular Britain have virtually made it clear that until Cyprus is solved — which means concessions from Turkey — fresh money may not be available.

Mr. Alparslan Turkes: appeal to racism.

With the Government believing that economic pressures have added to political violence which has ushered in martial law, there is some anguish about the West in the heart of a Government which in character is basically pro-West. It has re-opened the U.S. bases in Turkey, agreed to join the new NATO AWACS (airborne warning system) and concentrated on negotiations with such bodies *as the EEC,* NATO and OECD. Thus even if it is demanding that it, too, should be allowed to share in the process of detente and improve its relations with the Soviet Union it is in general far from wishing to turn its back on the West.

It would in any case be hard for it to do so. Russia is Turkey's historic enemy. Moreover even if relations with Baghdad are, as usual, good, Turkey has a wary eye on Damascus and is disturbed by what could happen in Iran. Mr. Ecevit's Government has long made it clear that it would prefer a Government based on the people than one based on the Shah—not least because of fears in Ankara and reports in the Turkish Press that the Shah's secret service, Savak, has been active among Turkey's Kurds.

But for the moment such factors tend to unite the Turkish authorities rather than divide them. A man who has long made it his business to consult with the military, Mr. Ecevit thus has some chance of ensuring that by declaring martial law he has not stirred up again the hornets' nest which burst on the country in the early 1970s. The military have no wish to burn their fingers again as they then did by intervening openly in politics, and as far as one can tell, seem to prefer exercising power from the wings rather than from the centre of the stage. Their domestic prestige was only restored through Mr. Ecevit sending them to invade Cyprus in 1974. But whether this optimistic scenario will prevail depends largely on how quickly the economic situation can be tackled and the scale of debt is such that optimism in this area is hard to justify.

MEN AND MATTERS

Clean fingers at question time

With its unenviable record of bank and post office hold-ups—probably the highest in Europe—Sweden has just witnessed a coup with a difference, an armed robbery performed by a young man in a Father Christmas suit, complete with white beard. The police are not amused by suggestions that they look out for reindeer tracks to see if the SKr 60,000 are at the other end.

Sorting out which Claus to interview could, however, be a problem, and the Swedes might profit from reading an article in the current Police Review giving "guidance to those embarking on a career as a detective." It is coincidentally illustrated with a picture of Father Christmas being menaced with a spotlight and a whip. The text, written by a Cheshire detective inspector, steers a novel course between popular psychology, Machiavelli, and Kojak.

It is unwise, argues the writer, to make the suspect too uncomfortable physically. "Barred windows are not appropriate." And the rooms should be "clean and tidy" with a restful colour scheme and carpets "in a plain colour."

In many ways it reads like a handbook for personnel officers: "The desk should never be positioned to come between the interrogator and his subject, as it represents officialdom." Dirty fingernails are also not a good idea. Then comes a Dostoyevskyan note: "To see the suspect and interrogator with tears in their eyes usually means a success story. Along with the flood of tears may come the flood of truth." Confession itself is "purgative of the soul," writes the policeman-philosopher, who, along with "slow motion techniques" and "computer-assisted video analysis," advises "sincere" pats on the shoulder and nicknames to break down the man, interrogation techniques which Liddell

"I resent queuing for days to buy goods at last year's prices."

Towers would no doubt have appreciated.

"We would be happier," says Patricia Hewitt, head of the National Council for Civil Liberties," if the police spent their time sticking to the judge's rules rather than trying to make their premises *look like den*tists' waiting rooms."

Stopping the rot

Converts of any kind often display a certain excess of zeal, and the Parti Quebecois government of René Levesque seems no exception in its Francophile pursuit of linguistic purity. He has gone one better than the French. In future the word "stop" is to be expunged not only from the Quebecois lexicon but—at a cost of £50,000—from every "Arret-Stop" sign in the province.

Even Quebec House in London pointed out that "stop" and "stopper" had been accepted in France since 1792. Such arguments cut no ice back home, where the imprimatur of L'Academie Francaise and Larousse is not enough.

A friendly gaffe

One episode in President Giscard's much-publicised Christmas globe-trotting remains unrecorded. I hear there was an unfortunate *double entendre* during the ceremonies marking Franco-Guinean reconciliation after 20 years of "misunderstanding."

Misunderstandings were finally cleared up in a sentimental speech by the Guinean President Sekou Toure. A man reckoned to keep incarcerated some 3,000 or 4,000 political prisoners, Sekou Toure confessed that he was seen by much of Europe as "*a despot, a dictator—a savage* without feelings or pity." Giscard, enthused Sekou Toure in the next breath, was "the moral partner we have always sought."

Blues for the U.S.

George Holmes, the perky new director of the National Dairy Council—"I like to think of myself as the brand manager for milk"—held a modest little Press conference yesterday. Modesty can, however, be taken *too far. He spoke gleefully* of the impending breakthrough for British cheese exports into a "major new market." But, sorry, he couldn't say which, when or how. He also brimmed with enthusiasm for a major sponsorship he was an the verge of announcing . . . but, no, he mustn't say anything about that.

I can reveal, if you are still reading, that the "breakthrough" can be expected in the U.S. and the cheese involved is Stilton. And while the NDC bubbles with enthusiasm, Unigate and Express Dairies are doing all the leg work.

The independent dairies are researching new outlets in what they say cautiously could develop into a most lucrative market. John Stockdale, chairman of the Stilton Cheese Makers' Association in Melton Mowbray, was delighted to hear the commercial big guns were being aimed across the Atlantic. No doubt he will be glad of some backing in his eight-year battle with the U.S. dairy industry, which insists on using the Stilton name on what Mr. Stockdale sniffily dismisses as "American blue."

He has, however, made some progress. Even though the U.S. dairies are still marketing their product under the Stilton name, he recently won an injunction preventing them from packing the stuff in wrappers emblazoned with pictures of the Houses of Parliament and the Union Jack.

Twice bitten

The Transatlantic *naif* in Bermuda shorts is dead. In his place has arrived a person of dour scepticism and inelastic funds. An American couple I overheard in South Molton Street yesterday were perhaps typical.

Husband (inspecting a GLC plaque): "It says William Blake lived here. Do you believe that?"

Wife: "Naaw."

Husband (*doubtfully*): "It does say 'Greater London Council'."

Wife (indicating the restaurant now occupying the poet's home): "Some people will do anything to pull customers."

Rising tide

Clearly someone at the Berlitz School of Languages is in sore need of a Private Tuition Crash Course. If nothing less than the Total Immersion course (price £1,153.44 for a fortnight) is felt to be necessary, the person who sent me the Berlitz price list had better hurry up; on it is typed "The Company anticipates that these prices will be supereceeded (sic) from January 1979."

Observer

The great Canadian takeover fight

BY ROBERT GIBBENS in Montreal

THE CANADIAN forest products industry—a power in world markets, but also a victim to recurrent cyclical upheavals—is racked by takeover fever. The process of concentration has been going on for a long time, but may have reached a high point with the bid of Canadian Pacific Investments for control of MacMillan Bloedel. Canadian Pacific, a leading Canadian conglomerate, stepped into a game of bid and counterbid begun by MacMillan Bloedel and another forest products company, Domtar.

The reasoning behind the creation of larger units is to contain costs, and with the help of the devaluation of the Canadian dollar to move ahead with modernisations and some new capacity.

There are some sceptics who wonder whether the U.S.—Canada's main export market—can get control of inflation without a serious recession or not. But the industry's path seems clear: the argument is about which companies should get together and whether greater concentration is in the public interest.

The background to the latest merger moves is the immense cost of new plant. A new medium sized pulp mill now costs C$250m-300m; a new wide newsprint machine costs C$100m-150m. Even the conversion of an old linerboard machine at Stephenville, in Newfoundland, to newsprint production will cost C$70m. Environmental clean-up costs run into hundreds of millions.

Another aim is to reduce the disastrous impact of the economic cycle on the industry. There have been two serious crisis points in the last decade, in 1970 and in 1974-75.

The industry has frequently been caught in phases of over-investment as in the 1960s, followed by cash problems and overcapacity. About two-thirds of the output of lumber, wood products, newsprint, and market pulp is exported. In the first ten months this year, exports were up 20 per cent—and accounted for nearly 19 per cent of all Canadian exports. The principal market is the U.S.

The process of concentration has been going on a long time. C. D. Howe, Canada's wartime and postwar economic "Czar," before he left office in the late 1950s, helped to bring about the merger of the Rothermeres' Anglo-Newfoundland Development newsprint producer with Price and the integration of the Anglo-Canadian newsprint mills into what became Reed Paper Limited, Canadian arm of Reed International. Price has now become part of Abitibi Paper, forming the world's largest newsprint group. There is a possibility of a larger unit being formed through a merger with Consolidated-Bathurst, pulp and paper arm of Power Corporation of Canada.

One area of the industry seems likely to remain untouched by the present merger moves. This area represents the investments of such European groups as Feldmuehle of Germany, Cellulose Du Pin, of France, mills owned by some Scandinavian interests, and such American owners as International Paper, the Chicago Tribune, Boise Cascade, Crown Zellerbach, Scott Paper, Kimberly-Clark, Procter and Gamble, and Rayonier (ITT). These companies long ago recognised the importance of operations based on Canadian wood resources, and their production in Canada is largely captive. The companies particularly are conscious of the pressure on their domestic wood resources.

That is the background to the *takeover battles now unleashed*. They and similar excitements are likely to command attention for quite some time yet.

The biggest bid yet, that by Canadian Pacific for full control of MacMillan Bloedel, would create a forest products group with sales of nearly C$4bn (about £1.7bn) yearly. If it were to succeed, Canadian Pacific would become far and away the largest and most powerful industrial, transportation, and resource group in the country. The strategy of Mr. Ian Sinclair, chairman of Canadian Pacific, is not yet clear.

MacMillan is already Canada's largest forest product company with sales in the first nine months this year of almost C$1.5bn. For around a decade, Canadian Pacific has held a 13.4 per cent interest in MacMillan, the largest single stake, acquired for C$82.5m through its non-rail investment holding subsidiary, Canadian Pacific Investments. Two CPI representatives sit on the MacMillan Board.

Because of this major holding, CPI had been expected to react quickly to the pre-Christmas bidding war between Domtar, a Montreal-based pulp and paper, building materials and chemicals group, and MacMillan. There are now three bids on the table, and the Ontario and Quebec securities commissions have suspended trading in the stock of both Domtar and MacMillan.

A week ago Domtar, which expects to do a volume of C$1.25bn this year, found its own controlling shareholder, Argus of Toronto, had negotiated the sale of its total 20 per cent interest to MacMillan for C$27 a share, or about C$75m. Argus, founded by a Toronto financier, Mr. E. P. Taylor, and associates, also controls Massey-Ferguson, the troubled farm equipment and tractor manufacturer, and several other companies including Hollinger Mines and Dominion Stores. Argus itself is now controlled by Mr. Conrad Black and associates.

Once the Domtar Board learned of the transaction it swiftly put in a bid for at least 51 per cent of MacMillan, worth about C$27.75 per MacMillan share which had last traded between C$22 and C$23. The bid was one Domtar share plus C$3 cash for each MacMillan share. The Board of Domtar includes two members of the old Argus management, Mr. Alex Barron and Mr. Max Meighen, who were edged out this summer in a contest with Mr. Black and his brother. They had known that the new Argus controlling group had put the Domtar block up for sale. Once the deal was done with MacMillan, they apparently launched their bid for control of MacMillan, taking Argus and Mr. Black by surprise.

The key to this bid lies in the prospective value of Domtar stock and in the company's considerable cash resources. MacMillan replied within 24 hours with its own bid for Domtar: C$28 each per share for enough Domtar stock to bring its holdings to 51 per cent.

A respite followed over Christmas. Then, on Wednesday morning, came the reaction of Canadian Pacific Investments as the largest single shareholder in MacMillan. It bid C$28 a share cash or one convertible preferred share for enough MacMillan stock to bring its total tolding to 51 per cent, and reserved the right to seek more.

All three bids involve values in the region of C$200m, or, if CPI were to seek all the MacMillan stock it does not already own around C$500m. In effect, with the present disposition of key blocks in Domtar and MacMillan, control could be acquired of either for a relatively small sum.

For purposes of comparison, C$200m represents the cost of a new large newsprint machine plus pulp supply. It would not be enough to build a medium-sized pulp mill.

Domtar on Wednesday evening said that it would pursue its own bid because acceptance of the MacMillan counter bid would not be in its shareholders' interests. But it dropped the condition that holders of a minimum of 51 per cent of MacMillan shares must accept its offer for it to go through. Domtar said its shareholders would be relegated to a minority position "in a subsidiary of another company" if MacMillan succeeded with its counter bid. That was an oblique reference to CPI. Domtar has raised its dividend and forecast strong earnings for 1979.

Of the three companies involved (Argus being out after *selling its Domtar block to MacMillan*), Canadian Pacific, as "Canadian as the Mounties," has by far the greatest financial clout. The implications in terms of concentration of corporate power if the CPI bid for MacMillan succeeds are legion. As matters now stand, MacMillan has the controlling block in Domtar. CPI has more than 50 per cent of Great Lakes Paper, an Ontario newsprint and pulp maker, and of Canadian Pacific Logging, a western lumber firm.

CPI would end up controlling a pulp and paper, lumber, building materials and chemicals group with annual volume of nearly C$4bn. CPI and its parent already control companies with assets of many billions of dollars, apart from CP Rail and CP Air, Canada's second largest airline, and great real estate interests. The companies they control include Cominco, one of Canada's largest mining and metals groups, Algoma Steel, third largest steelmaker, Dominion Bridge, the largest steel fabricator with a highly successful U.S. business, CP Ships, PanCanadian Petroleum, a western oil and gas producer, Fording Coal, CP Hotels, an expanding general insurance firm, plus investments in such companies as Norcen Energy and Rio Algom. CPI is the primary source of income of its parent, Canadian Pacific Limited. It is 82 per cent owned. CPI income is derived mainly from dividends paid by subsidiaries and affiliates.

In 1977 CPI earned C$213.2m, or C$3.55 a share. Nearly half was provided by its 87 per cent-owned oil and gas subsidiaries.

The issue of size and concentration implied by the CPI bid would be the hottest chestnut ever dropped in the lap of the Canadian Government's combines branch. While the Cabinet and the branch were lenient in the Hudson's Bay *bid for Simpsons*, the stores concern, and might not find it difficult to acquiesce in the merging of MacMillan and Domtar, the CPI bid for MacMillan raises much larger issues.

MacMillan is the result of a stormy west coast merger 20 years ago. It has gone through some wide swings in performance, especially during the 1974-75 downcycle. Troubles came to a head in 1975 when it lost C$18.9m on sales of C$1.3bn. Presidents had been coming and going almost yearly in a series of management shakeups.

Finally the board brought in a senior Weyerhaeuser executive, Mr. Calvert Knudsen, an American, to be chief executive. Retrenchment followed, with severe cutbacks to managerial and other overheads. Non-forest products ventures were dropped, as was an investment in a French pulpmaker. A shipping subsidiary which had cost MacMillan's cash reserves C$69m in 1975-76 was sold. Timber costs came next, and then attention turned to productivity in the mills. More stress was placed on newsprint. Profits responded in 1977 as U.S. world markets improved.

In the first nine months of this year, MacMillan earned C$72.9m or C$3.25 a share on volume of nearly C$1.5bn. Besides C$163m earmarked for a newsprint machine, important sums are being spent on improving productivity at lumber and plywood, pulp and packaging plants.

MacMillan owns a two-machine newsprint mill in the Canadian East and has interests in packaging and plastic products in the U.S. and UK. It has worldwide sales operations. Heavy dependence on exports has given MacMillan great advantages from the devaluation of the Canadian dollar.

Domtar went through a temporary cash crisis in the 1970 recession, but has consolidated and improved its performance markedly since. Operations are concentrated in Ontario and Quebec, and it is Canada's largest fine paper manufacturer. It recently bought building materials interests from Kaiser in the western U.S. for U.S.$35m.

In the first nine months of this year, Domtar earned C$41m, or C$2.75 a share, on revenues of C$910m.

Consumers naturally are worried about the possible effect on prices of the creation of larger market shares. Trade unions are afraid that rationalisation will cost jobs. So the Combines Branch of the Government has a difficult task.

It is as well to know that the Canadian Government in the interests of its external payments is committed to helping the forest industry to keep down its costs and to export more. The outcome of the battle remains obscure, especially since analysts believe that there are more surprises to come.

Ian Sinclair of Canadian *Pacific.*

THE BIG FOUR OF CANADIAN FOREST PRODUCTS:

(C$)

	Sales	Net income*
MacMillan Bloedel	1.7bn	38.3m
Abitibi Paper	1.04bn	36.2m
Domtar	1.0bn	26.8m
Consolidated Bathhurst	869m	22.7m

* After extraordinary items.

Source: Wood Gundy

Letters to the Editor

Advertising and the BBC

From Mr. H. Dodsworth

Sir,—BBC TV's cash crisis could easily be resolved by obtaining advertising revenue. "BBC Publications" makes a handsome profit, derived in no small part from the "free" advertising of books that are prepared to coincide with well made series—Alistair Cooke's "America," Dr. Bronowski's "*Ascent of Man*," Huw Wheldon's "Royal Heritage" and latterly James Burke's "Connections." All excellent programmes, with which an advertiser would be happy to be identified.

Is it not reasonable to link the desires of advertisers for more TV time with a productive, exportable output? English "packaged" as completed TV series should be one of our prime exports to the 400m worldwide who speak the language.

I would like to see the BBC attract revenue from advertisers and independently produce "quality" shows and series (that are capable of being ultimately self-financing from export sales) and screen the production at home carrying "normal" advertising free of cost to those (and only those) who financed the production.

ITV ended this year with profits of £480m; 17 per cent more than last year. The Annan Report Report failed to decide who should have the fourth TV channel. The Tory Party has promised it to ITV, all the BBC can do is to offer an "Open Forum" backed by the present Government but financed by whom?

Industrialists are chary of financing *independent*, speculative film and TV ventures, but are happy to "worm their way" on to BBC screens with "sponsored" sports events. Let them become actively involved with the *financing* of TV output, as I feel sure, that in this way, they will benefit by having their names linked with good material attracting big audiences plus the benefit of revenue from export sales.

This approach can only benefit the economy and is, I am sure, more effective than sponsored tennis or horse racing as it will link the names of the advertisers with the quality output that British TV can produce, given the necessary cash.

The money is there, as ITV's £480m profit amply testifies. Imagine, though, what would your reaction have been as an industrialist if, asked to finance "Darwin"? Let the BBC constitute an export division, give advertisers "free" home advertising and a major share of export profits.

Howard Dodsworth.
15, Mereworth Road,
Tunbridge Wells, Kent.

A stabilising factor

From Mr. G. Greenhalgh.

Sir,—Mr. P. Southwood of the Bradford University Department of Peace Studies (December 23) appears not to have read the last column of David Fishlock's article on "Why the proliferation-proof nuclear cycle is a myth" (December 20).

The important conclusion which Mr. Fishlock made clear was that instead of looking for a "technical fix" we should concentrate on developing rules, institutions, and an international regime which will allow nuclear commerce to proceed as freely as possible—and this is the conclusion of a thoughtful study by Russel Fox and Mason Willrich recently published by the Rockefeller Foundation / Royal Institute of International Affairs.

The danger to peace is not in the diversion of materials from civil nuclear power stations but in small purpose-built weapon facilities. By developing the full potential of nuclear power to the extent that it becomes a major source of electricity it will be even less likely that any country would risk the operation of its power economy being interrupted on suspicion of transgressing established international rules.

By providing a secure energy supply nuclear power will prove to be a stabilising factor. The greater risk of conflict is over the limited world resources of oil at a time of growing energy shortage.

Geoffrey Greenhalgh
8 Runigay Mansions,
Embankment,
Putney, SW15.

A taste of life

From Mr. M. Wright

Sir,—At this time of the year many of the most gifted boys and girls in this country are seeking employment having left school after taking Oxford and Cambridge examinations. Would it not be possible for the leading management recruitment agencies to set up a clearing house, so that these able students can have a small taste of the challenge of industry in the hope that some of the brightest and most able enter British industry when they leave university?

Martin Wright
(Head of Economics and Careers Master).
Highgate School, N6.

Clear statement needed

From Mr. F. Pike

Sir,—I would like to endorse the views expressed in your editorial of December 19. Mrs. Thatcher does need to make a clear statement on the policies which she will adopt with respect to pay claims in the public sector. She continues to speak of productivity when we want her to speak of profitability; she talks about excess government expenditure when we would like her to talk about the public deficit and the long term effects of investments by the National Enterprise Board. She needs to discuss the validity of growth as a viable economic objective and to review the alternatives to the proposals on industrial democracy which might be imposed on the board rooms of our industries.

There is something a little disturbing about the current high bank rate. One gets the impression that there is a deliberate policy to borrow large sums from the public to finance the investments of the National Enterprise Board. In the long term this must lead to an increasing number of directors being appointed by government departments (not necessarily on the basis of industrial acumen). The high bank rate must be a temptation to investment managers who anticipate a fall in the bank rate after the next General Election. But what happens if the next Government maintains bank rate at its present level and the real value of equities continues to fall? Do we have to stand aside and watch the National Enterprise Board increasing its holding with funds borrowed from our pension funds?

It all has the nasty taste of a massive take-over in which the authorities use "insider" information which they now have the right to obtain. These are the questions to which Mrs. Thatcher must devote her attention.

F. K. C. Pike.
50 The Shires,
Luton, Beds.

The right medicine

From Mr. T. Holden

Sir,—I should like to congratulate Professor Johnson on his remarkably lucid letter published (December 20) under the heading "Social Costs of Inflation."

His basic analysis showing that excessive money supply is the dominant cause of inflation is now broadly accepted by many thinking people. None the less, areas of dissent remain—notably a number of Treasury blimps (albeit diminishing) and, of course, the Labour Left wing. The former seem incapable of using their brains and the latter, of course, would find it politically inconvenient to do so.

Once the basic analysis is accepted then one can readily go along with Professor Johnson, and recognise that the real costs of our half-hearted attempts to restrain inflation are almost certainly infinitely greater than the cost of stabilising the money supply and stopping inflation. Unfortunately we now come to the crux of the problem. Is there any hope of any political party having the courage to take the necessary steps? I say this having regard to the heavy initial (albeit temporary) rise in unemployment and social distress, which is quite inevitable once the money supply is stabilised. As regards the Labour Party, the answer is obviously "No." Even a Conservative party, unless it had a very large majority, would be very hesitant. Such hesitancy would be the more likely because, as we know, the Treasury permanent officials are unlikely to give the firm advice which is necessary. *This latter* being the inevitable consequence of their half-hearted acceptance of monetarism.

Thus one is drawn to the sad conclusion that though the nation is ill and desperate for the right medicine, this will not be given for a long time yet. We shall have to wait until there is much wider realisation that it will be better to accept a drastic course of treatment offering every hope of cure, than to continue the debilitating process of receiving repeated small doses of virtually useless medicine.

T. Holden.
The Loanings, Frilford Heath,
Abingdon, Oxon.

Comparing jobs

From Mr. H. Hemmer

Sir,—I understand Mr. Imrie's difficulty (A Moral Dilemma, December 19) but he really must not speak in such general terms about the misdeeds of the "private sector." Middle managers in manufacturing industry (where the real wealth is made) have not done at all well; talk to the British Institute of Management about it.

I once heard that comparisons are odious; I also heard that the Devil can cite the Bible to his own ends. I get very suspicious about comparisons between public and private sectors and between different groups within those sectors. "Let's get job evaluation right." everyone used to say, "then give equal pay to people doing equal (if dissimilar) jobs no matter where *they work*." Now comes the news, cried out loudly by both left and right, that it's your organisation's ability to pay that matters, not what your job is. How do you decide how much the Civil Service can afford to pay itself? How do you decide for any of those industries which do not have to sell their wares the hard way? . . . and, by the way, who pays the Pay Research Unit? Aren't they Civil Servants? . . . Unbiased?

I wouldn't mind if Mr. Imrie's job commanded the same pay as an identical job in industry, if he could find it, but let him not forget other things like differences in job security and index-linked pensions (which industry says it cannot afford). If Mr. Imrie is young he probably does not think too much about these, but as he gets older he will.

On the whole, rather than paying people to come and make odious comparisons about pay so that we can be led into endless arguments about them, I think it is better to make your choice, take an interest in it, stick to it, or go somewhere else.

Anyway Mr. Imrie, you live in a beautiful part of the world; be grateful for that.

Hugh D. Hemmer,
74 Stallington Road,
Blythe Bridge,
Stoke-on-Trent.

Attitude gap

From Mr. C. Mill

Sir,—The December 20 article on pension losses from job changes highlights an important gap in thinking about pensions.

To the employer the pension is a "benefit" *and often still a* "fringe." To the employee it is a lifelong asset in which he usually feels property rights. Now that legislation descriminates between those who are contracted into or out of the state scheme there is a hint that the situation can give employers a chance to have their cake and eat it. The member of a company scheme is excluded from the state's earnings-related protection (however meagre that may be). He can be trapped in an unrealistic loyalty to his company with which he repays his employer's "fringe" generosity. But is it realistic any more to regard a reasonable pension as either a "fringe" or as "generosity?"

Is there perhaps still time for self-regulating industry to give strong consideration to national standards for pension transfers? The increasingly probable alternative seems to be a bureaucratic monster.

Christopher Mill,
57 Queen's Gate Mews,
SW7.

Today's Events

GENERAL

Transport and General Workers Union shop stewards meet in London to discuss national petrol tanker drivers' strike which is planned for next Wednesday (January 3).

EEC sets European Monetary System central rates for France, Italy and Ireland.

Funeral of President Houari Boumedienne in Algiers.

COMPANY RESULTS

Interim dividends: John Waddington. Amalgamated Industrials. Crellon Holdings. (All half-yearly figures).

COMPANY MEETINGS

C. H. Bailey, Channel Dry Dock, Cardiff, 11. Fitzroy Investments, Connaught Rooms, Great Queen Street, WC, 11. Cumulus Investment Trust, 20 Fenchurch Street, EC, 12. Five Oaks Investments, 503 Coventry Road, Birmingham, 12. Grand Central Investments, 35 Chiswell Street, EC, 12. Herman Smith, 75 Harborne Road, Birmingham, 12. L. B. Holliday, Leeds Road, Deighton, Huddersfield, 12. Kwik Save Discount, Warren Drive, Prestatyn, 12. Northern American Trust, Belsize House, West Ferry, Dundee, 12. Peek Holdings, Cunard Buildings, Pier Head, Liverpool, 3.30. Peak Investments, Belgrade Hotel, Stockport, 12. Samuelson Film Service, Samcine House, 303 Cricklewood Broadway, NW, 12. J. E. Sanger, 87 Bartholomew Close, EC, 2.30. Stag Line, 1 Howard Street, North Shields, Tyne and Wear, 10.30. United Tin Areas, 25 City Road, EC, 12. Vickers da Costa, Regis House, King William Street, EC, 11.

LUNCHTIME MUSIC, London

Organ recital at St. Stephen Walbrook by Mr. David Pearson at 12.30 pm.

UK COMPANY NEWS

Dalgety sells Australian wineries to Seagram

Dalgety has sold its Australian wine and spirits division to **Seagram (Australia)**, a subsidiary of Seagram Co. of Canada, which is one of the largest producers and marketers *of distilled spirits and wines* in the world.

The sale includes the Saltram, Stoneyfell and Roxton wineries in South Australia plus the national liquor distribution business *operated by Dalgety Trading* and NZL Trading.

While neither group would reveal the cost of the deal the total package is thought to be worth £7m cash to Dalgety and *includes the realisation of some* of the stock and working capital of the division. The proceeds will be kept in Australia and will be available for expansion and additions to Dalgety's other *activities in that country*.

The move follows a total reappraisal of Dalgety's Australian activities carried out this year against a background of losses there in three of the past four years. The most *important conclusion of the* review was that there was a profitable role for the group in the country in the long term but there was a number of activities, which were unlikely to produce a return to match the risks. In the year to September 30, total capital employed in the region was cut by £18m.

The import and distribution of wines and spirits was a part of Dalgety's traditional rural merchandise business. In 1971 it was decided to progress into wine production through the acquisition of a South Australian winery and vineyards. Stoneyfell and Saltram were added to the division soon afterwards.

With taxation changes making wine stocks expensive to hold, *over capacity and increased* competition eroding margins, a strong marketing drive, was becoming necessary to increase market penetration.

Seagram's move which significantly lifts *its presence in the* Australasian area follows its acquisition earlier this year of Glenlivet Distillers.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Amalgamated Industrials, *Crellon, John Waddington.*

FUTURE DATES

Interim—

Tomkins (F. H.) .... Jan. 4

Finals—

Bett Brothers .... Jan. 11

English China Clays .... Jan. 11

CU life bonus at record level

RECORD BONUS rates on with-profits life business have been *declared by the* **Commercial Union Assurance Company** for the three year period to December 31, 1978. CU is the first major life company to announce its bonus rates for 1978.

On individual life business, including the "Homemaker," "Wealthmaker" and "Profitmaker" policies, the rate for the triennium is lifted to £4.80 per cent per annum of the sum assured and attaching bonuses from £4.60 per cent—the rate declared at the end of 1975. The interim rate during this period had been kept at this latter rate.

On with-profit individual pension contracts, including "Pensionmaker," the policy for the self-employed and "Retirementmaker," the contract for executives, the bonus rate is now *£6 per cent per annum of* the basic pension and attaching pension bonuses. At the previous declaration, the rate was £5 per cent and the interim rate was increased to £5.50 per cent from July 1, 1977.

These increased bonus rates reflect the stronger financial position of the life fund compared with three years ago. Investment income has been particularly buoyant during this period resulting in part from the very heavy investment made in high yielding gilts.

However, on with-profit group pension schemes, the bonus rate *remains* at £2.50 per cent per annum calculated on pensions purchased. These contracts *operate on a different* system and this unchanged rate reflects the virtually unchanged yield return *on long dated gilts.*

Interim bonus rates from January 1, 1979, on all with profit contracts remain at the same rate as has been declared.

Hoffnung expecting lean year

AS ALREADY indicated, S. **Hoffnung and Co.**, has turned in poor results for the half year ended September 30, 1978 with pre-tax profits down from £1.52m to £880,000 on lower turnover of £48.48m against £50.97m.

In spite of the poor first half, the directors had expected that the *year's results* would show an improvement over the previous year. However, they now anticipate that the *profit for* 1978-79 will *only* approximate the £2.78m of last year.

The Board explains that the outlook for the year was largely based on an expectation of a recovery in trading conditions in the second half. This proved to be the case in October, Novem*ber and December, but on the* other hand the business of the UK subsidiary has gone through a difficult period.

With confidence in the group's future, the directors *have decided to maintain* the interim dividend at 1.485p—the previous final was 2.8142p. The group is continuing its policy of rationalisation in less profitable areas and actively pursuing opportunities to improve profitability, the Board adds.

	Half-year 1978 £000	1979 £000
Turnover	48,478	50,974
Profit before tax	880	1,520
Tax	466	782
Net profit	414	738
Extraord. debits	98	—
Minorities	91	62
Preference dividend	10	10
Attributable ord	215	666

SSAP12, which refers to accounting for depreciation, applies for the first time. Pend*ing receipt of professional* advice, no provision for depreciation on freehold or long leasehold buildings has been made.

The Board does not expect any provision for full year to be material. Tax charge for the current half is expected to be at a similar rate to that provided in the first half-year to September 30, 1978.

● comment

Hoffnung's revised comment on prospects for the second half took the market a little by surprise. It had been prepared for the relatively poor first half figures but had been led to expect a brighter final six months and an overall improvement for the year. But profit contribution from the UK power generator operations is lower than expected. The bulk of revenue comes *from* Australia but last year the UK produced about 25 per cent of pre-tax *profits*. As Petbow and other power generating groups have found, trading conditions have been disrupted by events *in* Iran and Nigeria and there is a heavy cloud over short-term prospects. But the retail hardware division in Australia and the manufacturing division are *showing signs of improvement* and the full year figure is likely to be around last year's figure of £2.8m before tax. The shares have come back during the year from a high of 97p and, after *the news closed at a low of 84p,* giving a prospective p/e of 8.2 and a yield (assuming an unchanged dividend) of 10.2 per cent.

'Yes' vote at Swan Hunter

SHAREHOLDERS at an EGM of the Swan Hunter Group in Newcastle-on-Tyne, yesterday took just two minutes to agree unanimously to accept proposals for a group restructuring.

Under the scheme there is to be a cash pay-out of between 130p and 145p a share and all *the assets of the group* will be transferred to a company called Gosforth Industrial Holdings.

There is to be a further extraordinary general meeting, also in Newcastle, on January 12, 1979 to finalise the plans after time has been given for dissenters to come forward.

However, Mr. Tom McIver, managing director, said after the meeting that in view of the votes already received in favour of the reorganisation, "there is no danger that I know of the scheme not going through."

It would need more than 10 per cent of shareholders to object to the scheme for it to fail and this appeared unlikely said Mr. McIver.

Peak £0.5m for Vectis Stone

REFLECTING AN improvement *in the profitability of its build*ing and construction division, which last year was severely affected by unusually wet weather, **Vectis Stone Group** expanded pre-tax profits from *£404,302 to a peak £539,147 for* the year to September 30, 1978.

At midway, when reporting profits up from £126,000 to £205,000, the directors expected the full year figure to be well in *excess of the previous year.*

Yearly sales of the building and construction sector rose from £2.32m to £2.66m. Operating remuneration of £701,790 (£281,786) was allowed for fuel *distribution, on sales of £11.47m* (£4.53m).

After tax of £221,329 (£127,188), net profits were higher at £317,818 against £277,114. Comparisons are restated in connection with deferred tax.

Stated earnings improved from an adjusted 5.36p to 6.14p per 10p share, and a final dividend of 0.957p net makes the maximum permitted total of 1.657p *(1.484p). A one-for-one scrip* issue is also proposed.

The building and construction division recently secured a number of substantial civil engineering contracts and the order book *position is stronger than for a* number of years, the directors report.

The fuel distribution division produced a small increase in profits for the year, while Celtic Oil Supplies has shown a satis*factory return on capital since* its acquisition in a £130,000 cash deal in December last year.

Reliant Motor lower at £108,000

Following a first-half loss of *£416,000, mainly due to redun*dancy costs involving reorganisation of its motor company, **Reliant Motor Group** finished the year to September 30, 1978 with pre-tax profits of £108,000, com*pared with £229,000 for the pre*vious seven months. Turnover amounted to £22.18m against £15.1m.

At the annual meeting last March, Mr. J. F. Nash, the chair*man, anticipated a full year* profit of not less than £200,000.

Losses attributable to the motor manufacturing division emerged at £153,000 (£15,000 profit), after a £555,000 deficit at *half-time. The directors say,* however, that it would be wrong to assume the profit earned in the second six months could be maintained in a full year.

"There are still many problems facing any company involved in the British motor industry," they add.

At the interim stage, second-half motor profits of around £400,000 were forecast and a full year contribution of not less than *£200,000 was expected from* engineering—in the event, this sector produced £261,000 (£214,000) profits.

After tax of £74,000 (£67,000), yearly attributable group profits *were lower at £29,000* against £159,000, giving stated earnings of 0.1p (0.6p) per 5p share. Again no dividend is to be paid —the last payment was 0.175p net for 1974-75.

The holding company is J. F. Nash Securities.

Wrights Retail Grocers leaps to over £1.2m

Following the return to growth seen last time **Wrights Retail** *Grocers)* achieved a sharp jump in taxable profit from £789,000 to £1,267,000 in the year to April 1, 1978. The company, which is a subsidiary of Cavenham lifted sales, excluding VAT from £22.15m to £27.97m.

However there was a tax charge this time of £369,000 (credit £340,000) leaving the net balance down from £1,129,000 to £898,000.

Extraordinary credits amounted to £153,000 (debits £344,000) and an ordinary dividend costing £966,000 (nil) was paid.

The ultimate holding company is Generale Occidentale.

BIDS & DEALS

Racal lifts stake in Extel

Racal Electronics has bought a further block of shares in Exchange Telegraph Company (Extel) taking its stake from 5.3 per cent to 8.3 per cent.

Extel, the financial and sports information service recently announced a joint venture with the Financial Times to provide business information on Prestel, the Post Office's view-data service.

Earlier this year Extel launched a joint venture in the U.S. to manufacture teleprinters and other telecommunications equipment.

SQUIRREL HORN PURCHASE

Squirrel Horn, manufacturing confectioner of Stockport, has bought the capital of Anderson and Woodthorpe, a private company, for £135,000 cash. Mr. and Mrs. Anderson, the present directors of Anderson and Woodthorpe, will retire and be replaced by Mr. John Hardy as chairman and Mr. David C. Smith and Mr. Kenneth Taylor as directors.

In the year ended March 31, 1978, Anderson's turnover was £440,000 and profit £44,378 before directors salaries and pension premiums. The 1978/79 profit is expected to be lower than this figure.

MINING NEWS

Return to work at Rossing

BY KENNETH MARSTON, MINING EDITOR

THE 2,000 black mineworkers *previously on strike at Rio Tinto-Zinc's* big Rossing uranium mine in Namibia (South-West Africa) have returned to work pending negotiations on their dispute over a new pay scale, reports Quentin Peel from Johannesburg.

An announcement by Rossing Uranium in Windhoek said discussions with representatives of the workers were continuing. Production had not been affected, and was continuing normally. The return to work coincided with the arrival at Rossing of Mr. Ronnie Walker, the company chairman, to take part in the negotiations.

The workers' principal grievance appeared to be discrepancies in annual pay rises awarded on the basis of a new and officilly non-racial pay scale, which they claimed showed no change from the previous racially-based two-tier system of pay rates.

However, observers in Windhoek believe that the strike may have been partly political, as a protest against the recent South African-sponsored elections in the territory.

The mining operations at Rossing are extremely sensitive, politically, for RITZ is accused by the South West Africa People's Organisation (SWAPO), *the territory's principal* black nationalist movement, which is well organised among the mine's migrant labour force, of collaborating with the South African Government in the territory in defiance of UN resolutions.

Meanwhile, Mr. J. O. Richards, chairman of the territory's Association of Mining Companies, says in his annual review that international companies "are prepared to make big investments here once political uncertainties are resolved."

One of the most important developments has been the decision by Judge Marthinus Steyn, the South African Administrator General in Windhoek, to open up the tribal homeland areas for prospecting, he says.

Low prices on international markets have forced the zinc mine at Berg Aukas to close, and have seriously reduced income from other base-metal exports such as copper, he adds. However, Judge Steyn has now appointed a commission to investigate the introduction of a subsidy for marginal mines.

"These mines must be helped through a lean period," Mr. Richards says, "because their closure would result in large-*scale unemployment.*"

No oil problem for the Mines

SOUTH AFRICA'S *mining* industry is likely to be little affected, in the near term at least, by the disruption of the Republic's oil supplies from Iran.

Virtually all the power requirements of the mines are provided by electricity which, in turn, is supplied by power stations based on the country's abundant coal supplies.

The advancing price of this electricity, however, has played a major part in the rise in overall mining costs during recent years. Over the past six years the Orange Free State gold mines, *for example, have seen* their electric power cost rise by 167 per cent to 147 cents (84.7p) per kilowatt-hour.

At the same time their electricity requirements have been boosted from 481.8 kwhr to 793.2 kwhr per centare mined because of the increased ventilation and refrigeration needed as the underground workings have become more extensive.

Oil consumption is relatively small, being mostly in the form of transport. Furthermore, the mine are likely to be given a priority rating in the allocation of oil fuel, but the cost of this may well increase thus adding to the already worrying burden of total costs.

FOUR KILLED IN DOORNFONTEIN *PRESSURE BURST*

One white and three black miners have been killed at the Gold Fields group's South African **Doornfontein** gold mine and nine others were injured following a pressure burst.

The burst—an underground explosion of rock caused by the building up of great pressures at depth—occurred on Wednesday morning at the mine's No. 2 shaft area, 2,100 metres below surface.

Six men are still missing and presumed killed. Meanwhile, rescue operations are continuing, it is stated.

هكذا من الأصل

BANK RETURN

	Wednesday Dec. 27 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposit	27,548,292	+ 2,944,675
Sp'c'l Deposits	1,066,790,000	—
Bankers	404,587,818	+ 11,076,015
Reserves & Other A/cs	631,795,149	− 14,825,966
	2,177,685,259	− 605,365
Assets		
Govt. Securities	1,770,451,086	+ 3,365,000
Adv. & Other A/cs	206,495,321	− 14,254,219
Premises, Equ & other Secs	176,195,304	+ 64,467
Notes	24,256,488	+ 10,019,725
Coin	228,056	− 338
	2,177,585,259	− 605,365
ISSUE DEPARTMENT		
LIABILITIES	£	
Notes issued	9,575,000,000	
In Circulation	9,550,763,512	− 10,019,726
InBank'gDept	24,256,486	+ 10,019,725
ASSETS		
Govt. Debts	11,015,100	
OtherGovt.Secs	8,572,276,820	− 1,065,714
Other Sec'rities	991,708,080	+ 1,065,714
	9,575,000,000	+ 425,000,000

CURRENCIES, MONEY and GOLD

Dollar improves on trade figures

The dollar improved in the foreign exchange market yesterday afternoon following the announcement of a smaller U.S. trade deficit in November than expected. The deficit of $1.95bn *was an improvement on October's* figure of $2.13bn, and well below the $2.5bn forecast by some analysts. Central bank support for the dollar was evident, particularly before lunch, when the *U.S. currency fell to a low point* of DM 1.8100 against the D-mark and SwFr 1.6150 in terms of the Swiss franc.

Publication of the trade figures pushed the U.S. currency up to DM 1.8350 and it finished at DM 1.8300, compared with DM 1.8215 on Wednesday. Against the Swiss franc, the dollar rose to SwFr 1.6325, before closing at SwFr 1.6302½, compared with SwFr 1.6155.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, was unchanged at 9.7 per cent.

Sterling's index, on Bank of England figures, was also unchanged at 63.8, after touching 63.9 at noon, and opening at 63.8.

The pound opened at $2.0370-2.0380, and rose to a high point of $2.0455 in the morning. The lowest point touched in the afternoon was $2.0200, and it closed at $2.0280-2.0300, a fall of 80 points on the day.

PARIS—The dollar eased in late trading, after a recovery on the news of the U.S. trade deficit for last month. Central banks were reported to have given support to the U.S. currency on a small scale throughout the day. At the close *the dollar stood at FFr 4.2025* against the French franc, compared with FFr 4.1750 late Wednesday, and FFr 4.1650 at the start of the day. Sterling rose to FFr 8.5300 from *FFr 8.4800 Wednesday*, and the French franc also fell against the D-mark and Swiss franc.

FRANKFURT—There was no intervention by the Bundesbank at the fixing, when the dollar fell *to DM 1.8175 against the D-mark*, compared with DM 1.8283 on Wednesday. The central bank was seen to support the U.S. currency at other times, however, leading to a slight improvement *during the morning*, from a low point of DM 1.8100. The problems of Iran, and nervousness about the U.S. trade figures, were cited as the immediate causes of the *dollar's poor early* performance. Publication of the favourable November trade figures produced a sharp rise in the afternoon, however, with the dollar improving to DM 1.8320 in quite hectic trading, compared with DM 1.8270 late Wednesday. The Japanese yen also gained ground, while sterling rose to DM 3.7134 from DM 3.7070 *Wednesday.*

MILAN—The D-mark continued to gain ground against the lira ahead of the start of the European Monetary System. The German currency rose to *L456.50 at the fixing from* L455.60 on Wednesday. The Dutch guilder, sterling, and Scandinavian currencies also rose in terms of the lira, but the U.S. dollar was weaker. It was fixed at L829.05, compared with L832.70 on Wednesday, in a quiet market, with only $10.9m traded. The Bank of Italy did not intervene, but bought most of the 48m D-marks traded. The Swiss franc declined to L510.75 from L512.30 at the fixing.

Surprise at the U.S. trade deficit brought about a sharp late improvement of the dollar. It rose to L834.50 during the afternoon.

ZURICH—Heavy intervention by the Swiss National Bank was behind the dollar's recovery in fairly quiet early trading. During the morning it fell to SwFr 1.6150 in terms of the Swiss franc, but was pushed up to SwFr 1.6230 by the Central Bank, by mid-*morning*, compared with SwFr 1.6155 on Wednesday evening.

AMSTERDAM—In late trading *the dollar rose to Fl 1.9810* from the fixing level of Fl 1.9690 against the guilder. The previous day's fixing was at Fl 1.9885.

TOKYO—The dollar fell *sharply to close at* Y193.05 against the yen compared with Y195.52½ previously and Y194.30 at the opening. The lowest level touched was Y193.00, where intervention *to support the dollar* by the Bank of Japan, estimated at $20m to $30m, brought about a slight recovery. Foreign and Japanese banks were reported to be selling the U.S. currency, *with the domestic* banks widening short dollar positions, in anticipation of a further appreciation of the yen.

THE POUND SPOT

Dec. 28	Bank rate %	Day's spread	Close
U.S. $	9½	2.0200-2.0455	2.0280-2.0300
Canadian $	10¾	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Norwgn. K.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgium rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible].

FORWARD AGAINST £

[illegible]

THE DOLLAR SPOT AND FORWARD

Dec. 28	Day's spread	Close	One month	p.a.	Three months	p.a.
Canada†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† U.S. cents per Canadian $.

CURRENCY RATES

December 28	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

December 28	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 28	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greek Drachma	72.195-73.588	35.58-36.27	Germany	3.65-3.75
Hong Kong Dollar	9.7200-9.7450	4.7985-4.4995	Italy	1630-1680
Iran Rial	152.17-160.29	75-79	Japan	394-400
Kuwait Dinar (KD)	0.550-0.560	0.2711-0.2760	Netherlands	3.96-4.05
Luxembourg Franc	58.50-58.65	28.86-28.89	Norway	10.10-10.25
Malaysia Dollar	4.4650-4.4850	2.2035-2.2045	Portugal	91-97
New Zealand Dollar	1.8930-1.9000	0.9324-0.9354	Spain	145-148
Saudi Arabia Riyal	6.71-6.81	3.3070-3.3565	Switzerland	3.25-3.35
Singapore Dollar	4.3825-4.4025	2.1620-2.1630	United States	2.0250-2.0400
South African Rand	1.7608-1.7871	0.8678-0.8808	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.029	3.713	394.0	8.533	3.308	4.013	1688	2.405	58.50
U.S. Dollar	0.493	1.	1.830	194.2	4.205	1.630	1.978	831.9	1.185	28.87
Deutsche mark	0.269	0.547	1.	106.1	2.298	0.891	1.081	454.7	0.648	15.76
Japanese Yen 1,000	2.536	5.150	9.423	1000.	21.66	8.395	10.18	4284	6.103	148.7
French Franc 10	1.172	2.378	4.351	461.8	10.	3.876	4.703	1978	2.818	68.66
Swiss Franc	0.302	0.613	1.122	119.1	2.580	1.	1.213	510.4	0.727	17.71
Dutch Guilder	0.249	0.506	0.925	98.19	2.126	0.824	1.	420.7	0.599	14.60
Italian Lira 1,000	0.592	1.202	2.199	233.4	5.055	1.959	2.377	1000.	1.424	34.70
Canadian Dollar	0.416	0.844	1.544	163.9	3.549	1.376	1.669	702.0	1.	24.36
Belgian Franc 100	1.707	3.464	6.338	672.6	14.57	5.647	6.850	2882	4.105	100.

EURO-CURRENCY INTEREST RATES

Dec. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11⅛-11⅝	10¼-10½	7½-8½	10¼-10½	[illegible]	3⅛-3⅜	14½-17½	9½-12½	—	[illegible]
7 day's notice	11½-11⅞	10⅜-10⅝	7½-8½	10¼-10½	[illegible]	3¼-3⅜	7-7½	12½-14½	11[illegible]-12[illegible]	[illegible]
Month	12-12½	10⅝-10⅞	10[illegible]-10[illegible]	9¾-10	[illegible]-par	3¼-3⅜	8¾-9	13-15	[illegible]	[illegible]-par
Three months	12⅝-13	11¾-12	10¾-11⅛	9½-9¾	par-⅛	3[illegible]-3[illegible]	8¾-9¼	14-15½	[illegible]	[illegible]
Six months	13¼-13½	12¼-12½	11[illegible]-11[illegible]	9-9⅛	⅛-¼	3¾-3⅞	9⅛-9½	15-16	[illegible]	[illegible]
One year	13-13¼	11⅞-12⅛	10¾-11⅛	8⅝-8⅞	¾-⅞	3⅞-4	9⅞-10¼	15-16½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.05-10.95 per cent; three months 11.65-11.55 per cent; six months 12.05-11.95 per cent; one year 11.75-11.65 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10¼-10½ per cent; four years 10¼-10½ per cent; five years 10-10¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Uncertainty in New York

The Federal reserve again entered the Government securities market yesterday, on two occasions to increase liquidity, by *making* overnight repurchase agreements, with Federal funds trading at 10⅝ per cent, still some way above the presumed target rate of around 10 per cent. The limit of the Fed's action gave rise to speculation that the U.S. discount rate may be increased today, as a further move to tighten credit.

Treasury bills showed a mixed trend, with 13-week bills at 9.16 per cent compared with 9.19 per cent late on Wednesday, and 26-week bills rising to 9.44 per cent against 9.39 per cent. One-year bills were quoted at 9.67 per cent compared with 9.61 per cent previously.

FRANKFURT — Inter-bank money rates showed a firmer tendency throughout yesterday, with call money at 3.5-3.7 per *cent against 3.45-3.55 per cent on* Wednesday. One-, three- and six-month money all rose to 4.15-4.25 per cent from the previous common level of 4.1-4.2 per cent. The 12-month rate also rose to 4.2-4.3 per cent against 4.15-4.3 per cent.

PARIS—Interest rates showed a rather mixed trend, with call money easing to 6⅝ per cent from 6¾ per cent and one-month money unchanged at 6⅝-6¾ per cent. The three-month rate rose to 6⅝-6¾ per cent compared with 6 7/16-6 9/16 per cent as did six-month money to 6⅝-6¾ per cent from 6½-6⅝ per cent. The 12-month rate was unchanged at 7¼-7⅜ per cent.

AMSTERDAM — Interest rates were easier yesterday and call money fell from 10¾-11 per cent to 10½-11 per cent, while the one-month rate declined to 10½-10¾ per cent against 10¾-11 per cent. Three-month money fell to 10-10¼ from 10⅛-10⅜ per cent, with six-month money at 9½-9¾ per cent compared with 9½-9¾ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally unchanged, although one-month deposits eased to 10½-10¾ per cent from 10¾-11 per cent on Wednesday. The three-month rate was unchanged at 10¼-10½ per cent, as was the six-month rate at 9-9¼ per cent; 12-month deposits remained at 8¾-9¼ per cent.

GOLD

Slight fall

Gold fell $1 to close at $221¾-222 in London yesterday. It opened at $223-223¼, and was fixed at $223.00 in the morning, but fell to $220.65 in the afternoon, and touched a low point of $220-221, following news of better U.S. trade figures than expected. [illegible]

In Paris the 12½ kilo gold bar was at FFr 30,250 per kilo ($225.52 per ounce) in the afternoon, compared with FFr 30,300 ($225.66) in the morning, and FFr 30,050 ($222.85) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,075 per kilo ($223.70 per ounce), compared with DM 13,[illegible] previously.

	Dec. 28	Dec. 27
Gold Bullion (a fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills and a small number of local authority bills. Total assistance was termed as moderate. The market was faced with a large excess of Government disbursements over revenue transfers to the Exchequer and a similar net take up of Treasury bills to finance. On the other hand, banks brought forward balances a slight amount above target, together with a large fall in the note circulation.

Discount houses were paying up to 11¼ per cent for secured call loans, although closing balances were taken at 10½-10⅞ per cent.

In the interbank market, overnight loans opened at 11¼-11½ per cent and traded for most of the day at 11-11¼ per cent. The original flat forecast was re-termed as a slight shortage, but this had little effect on rates. Money firmed to 10¾-11 per cent later in the day and closed on late demand at 12½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Dec. 28 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10¾-12½	—	—	—	11½	10½-11¼	—	—	—
2 days notice	—	—	11¼-11⅞	—	—	—	—	—	—	—
7 days or.	—	—	—	—	—	11¾	—	—	—	—
7 days notice	—	11⅝-11⅞	11¾-12	—	12	—	11¼-11⅝	—	—	—
One month	11[illegible]-11[illegible]	11[illegible]-12[illegible]	12-12⅛	12⅛-12⅝	12⅝	12½	11½-11⅝	11[illegible]	11⅞-11¾	12¼
Two months	12[illegible]-12[illegible]	12¼-12⅜	—	12¼-12⅝	12⅝	12⅞	11¾	11[illegible]	12[illegible]-11[illegible]	12⅝
Three months	12[illegible]-12[illegible]	12½-12⅝	12¼-12⅛	12⅜-12¾	12⅞	—	11⅝-12	11[illegible]-11[illegible]	12[illegible]-12[illegible]	12½
Six months	12⅝-12½	12½-12⅜	12-12¼	12⅛-12⅝	12¾	—	—	—	12[illegible]-11[illegible]	13
Nine months	12[illegible]-12[illegible]	12¼-12⅜	—	12¼-12⅝	12⅝	—	—	—	—	—
One year	12[illegible]-12[illegible]	12[illegible]-12[illegible]	11[illegible]-12	12[illegible]-12[illegible]	12[illegible]	—	—	—	—	—
Two years	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅛-12¼ per cent; four years 12¼-12⅜ per cent; five years 12½-12⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11⅝ per cent; two-month 11⅝ per cent; three-month 11⅝ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-month 11⅞ per cent; and three-month 11⅞ per cent; one-month trade bills 12¼ per cent; two-month 12⅜ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5657 per cent.

MONEY RATES

NEW YORK

Prime Rate [illegible]

Fed. Funds [illegible]

Treasury Bills (13-week) [illegible]

Treasury Bills (26-week) [illegible]

GERMANY

Discount Rate [illegible]

Overnight [illegible]

One month [illegible]

Three months [illegible]

Six months [illegible]

FRANCE

Discount Rate [illegible]

Overnight [illegible]

One month [illegible]

Three months [illegible]

Six months [illegible]

JAPAN

Discount Rate [illegible]

Call (Unconditional) [illegible]

Bills Discount Rate [illegible]

CANADIAN RETAILING

Simpsons accepts the Bay's offer

BY VICTOR MACKIE

OTTAWA — Shareholders of Simpsons have surrendered control of the 20-store merchandising chain to Hudson's Bay Company of Winnipeg.

The management of Hudson's Bay has reported that over 80 per cent of the outstanding Simpsons stock was received under a tender offer which expired on Wednesday night. A precise count of the tendered stock was not available.

The offer has now been extended to January 10. If all 49m Simpsons shares are received, the Bay will pay out about C$387m (U.S.$455m) in cash and Bay stock.

In return, it will have established the second largest retailing chain in Canada with a 30 per cent share of the annual C$7bn total that consumers in Canada spend in department stores.

The company said that most of the acceptances had come from large institutional shareholders of Simpsons. They control about 50 per cent of the retailer, which also jointly owns Simpsons-Sears with Sears Roebuck of the U.S.

But the Bay added that most of Simpsons' shareholders owned small amounts of shares: so far most of them had held back. "We expect a fair number of the small shareholders will be influenced by the results and tender their shares," the company said.

Earlier this month, Simpsons withdrew its own offer to merge with Simpsons-Sears and recommended acceptance of the Bay's offer.

The Bay plans no immediate changes for Simpsons, which Bay president Mr. Donald McGiverin has pledged will continue as a separate organisation operating under its own management.

"Simpsons employees need have no concern over job security and pension benefits," Mr. McGiverin said.

While the Bay now has effective control of Simpsons, no management changes will be made before next week when Mr. McGiverin returns from a delayed Christmas holiday.

Shareholders tendering their shares before the expiry date of the extended offer will receive the Bay's dividend of 22 cents per common share, payable January 31 to shareholders of record January 10. The month-old Bay offer was conditional upon receiving 60 per cent of Simpsons stock.

FRCD offer in Kuwaiti dinar

By Our Financial Staff

THE INDUSTRIAL Bank of Kuwait intends to issue 3 and 4-year floating rate certificates of deposit (FRCDs) totalling KD6m (\$22.2m) in two tranches at par through a syndicate led by the Kuwait Investment Company.

The investment company said yesterday that the issue would consist of KD3m FRCDs, due on January 11, 1982, and KD3m FRCDs due on January 11, 1983. The minimum interest rate for the two tranches will be respectively 5.0 and 5.25 per cent.

Interest will be payable semi-annually and will be calculated at 0.25 points above the six-month Kuwait dinar interbank offered rate. The interest calculations, however, will be based on a 365-day year instead of the UK practice of using a 360-day year.

The selling period will begin on December 30, 1978 and is expected to end on January 7, 1979. Payment for the certificates is due on January 11, 1979.

The Industrial Bank of Kuwait is 49 per cent owned by the Kuwaiti Government through the Ministry of Finance and the Central Bank of Kuwait. The remainder is owned by six Kuwaiti banks, four insurance companies and three major industrial companies.

The bank started operating in March 1974, with the primary objectives of contributing to the diversification and development of the country's economy.

Nissan in capital injection plan after Australian subsidiary loss

BY JAMES FORTH

SYDNEY — Nissan, the Japanese motor vehicle group is making a A\$20m (U.S.\$23m) capital injection to improve its Australian manufacturing operations, after a A\$20.1m loss by its local sales and marketing arm in 1977-78.

Nissan Australia operates through three separately owned companies — Nissan Motor Manufacturing Company (Australia), Nissan Motor Company (Australia) and Nissan Finance Corporation. Nissan Motor Company, the sales and marketing arm, incurred a loss of A\$20.12m in the year to June 30, compared with a profit of slightly more than A\$1m in 1976-77.

The main cause of the reverse, according to the directors, was the depressed state of the local motor vehicle market and the unexpectedly sharp rise in the value of the Japanese yen, which caused substantial increases in the cost of completely built-up vehicles and components imported from Japan.

Substantial increases in the cost of labour and materials, associated with lower production had adversely affected the result. Mr. Chushi Uetani, Nissan's deputy managing director in Australia, said the temporary setback would not deter Nissan from making further efforts to make its Australian operations more viable. The Japanese parent company, he said, had recently decided to double the paid capital of the manufacturing subsidiary, Nissan Motor Manufacturing Company (Australia) from A\$20m to A\$40m.

"Despite the adverse 1977-78 results, Nissan confidently anticipates a return to satisfactory operating results with plans being implemented in respect to product programmes, and greater utilisation of new and modern facilities, coupled with the introduction of aggressive marketing strategies," Mr. Uetani added.

Nissan has spent about A\$42m in recent years on upgrading its local facilities, including the manufacture of a four-cylinder engine, to meet the Australian Government's local content requirements. Nissan had agreed to reach 75 per cent local content this year and the full 85 per cent level next year.

Despite the loss, Nissan increased its share of the domestic motor vehicle market, from 10.8 per cent to 12 per cent, and Mr. Uetani said he was confident that the group could maintain this level.

Nissan's experience is in line with that of its competitors in Australia. Chrysler had a loss of A\$25.6m in 1977 and a further A\$14m deficit in the half year to June, while General Motors-Holden's suffered a loss of A\$8.4m in 1977—its first deficit —and Ford had its profit cut back sharply to A\$3m.

However, the outlook for the motor vehicle manufacturers appears brighter with demand picking up, aided by recent cuts in sales tax on new vehicles sales.

Nissan Motor Company said yesterday that it expects its motor vehicle production next year to total about 2,445,000 units, a rise of 2 per cent on the 2,392,000 units estimated for the current year, AP-DJ reports from Tokyo.

Japan's second largest automobile producer also said 1979 exports are estimated at 1,170,000 units, a drop of 4 per cent from an estimated 1,217,000 this year.

Nissan forecasts its domestic sales for the new year at 1,275,000 units, 12 per cent above the estimated 1,142,000 in 1978. It expects exports to the U.S. to total 499,000 units, little changed from an estimated 498,857 this year.

Exports to South-East Asia are estimated at 119,000 units, a rise of 30 per cent on this year's estimate of 91,629, Central and South America, 92,000 units, down 7 per cent from 99,509, Europe, 205,000 units, down 6 per cent from 217,816, Middle East, 98,000 units, down 13 per cent from 112,368.

Dillingham sells Reef Cattle

HONOLULU — Dillingham Corporation said it has sold Reef Cattle Management, an Australian subsidiary, and as a result expects a year-end tax credit to boost 1978 operating earnings by about \$6.4m, or 50 cents a share.

Dillingham, with interests in shipping, resources development and construction, said that it sold Reef Cattle to a private buyer whom it declined to identify. Dillingham did not disclose the sale price.

Reef Cattle operates a cattle ranch in the Australian state of Queensland on 110,000 acres. Over the past decade or so, Reef and an earlier company, Dillingham Corporation of Australia accumulated losses that were reported against overall earnings in the appropriate periods.

The tax credit generated by the sale will bring the 1978 effective tax rate closer to a standard 48 per cent compared with abnormally high rates reported earlier in 1978 because of foreign losses largely caused by currency translation for which tax benefits could not be recognised.

Dillingham said that its remaining Australian operations were not affected by the sale of Reef Cattle.

AP-DJ

Go-ahead for Italian bank deal

BY RUPERT CORNWELL

ROME — The Board of the state-owned Monte dei Paschi di Siena has finally given its approval for the purchase of a controlling interest in Credito Commerciale, a Lombardy-based bank belonging to Sig. Carlo Pesenti, the financier.

No details of the precise size of the stake were given, nor of the price agreed after a political argument that seemed briefly as if it might block the deal at the eleventh hour.

According to consistent reports here, the arrangements provide for Sig. Pesenti to sell his 79 per cent holding in Credito Commerciale, with 51 per cent to go to Monte dei Paschi and 28 per cent to the Siena bank's subsidiary, Banca Toscana, for an overall price of L233bn (\$287m).

Monte dei Paschi made clear that despite opposition from Italy's left-wing parties to the deal—both from a reluctance to expand the involvement of the public sector in the banking industry and over its use to help Sig. Pesenti reorganise his own interests—approval by its Board was unanimous.

The statement from the bank emphasised that the Bank of Italy had given its blessing to the transaction, and underlined the advantages that would accrue from a substantial banking foothold in the rich industrial north of the country.

Earlier approval came a fortnight ago from Banca Toscana, but only after a wrangle that culminated in Board members aligned with the Communists voting against the proposed agreement.

Monte dei Paschi at the end of 1977 ranked eighth among Italian banks with total deposits of L7,826bn (\$9.7bn). Credito Commerciale is listed in 30th place on the basis of deposits amounting to L1,513bn (\$1.9bn) at the same date.

Gas utility expects flat earnings performance

DETROIT—American Natural Resources said it expects 1978 earnings to be flat. Last year, the company earned \$5.90 a share, which will be restated to \$5.84 to reflect the acquisition of Graves Truck Line.

ANR made the forecast in a statement noting that its Michigan Wisconsin Pipe Line Company would refund about \$30m as a result of settlement agreements reached with the Federal Energy Regulatory Commission on two rate increases that took effect in 1975 and 1976.

It noted, however, that provision for the refund had been made and it would not affect earnings.

ANR said the flat forecast was due primarily to inadequate rate relief for Michigan Consolidated Gas and to that unit's failure to make anticipated off-system sales to other utilities.

Michigan Consolidated's earnings this year should be between \$15m and \$17m, or about half the \$38m it earned last year.

The parent company said its policy of making regular and increasing dividend payments would not be affected by either 1978 or 1979 performance.

Reuter

Texas Intnl. sells \$100m servicing unit

OKLAHOMA CITY — NL Industries, the chemicals, metals, and oil equipment group, has completed the purchase from Texas International (TI) of its well servicing unit. The sale is valued at \$100m.

Texas International will receive \$89m in cash and \$11m in NL petroleum products and services. The proceeds will be used to reduce substantially TI's bank debt, in addition to underwriting the company's oil and gas exploration programme in 1979. TI also plans immediate completion of a 235,000 square foot drilling rig manufacturing plant, near Houston.

Reuter

Hirschfield takes Warner post

By Our Financial Staff

WARNER COMMUNICATIONS said that Mr. Allan J. Hirschfield, dismissed earlier this year as president of Columbia Pictures, would become a full-time consultant to Warner on an exclusive basis.

Mr. Hirschfield, who headed Columbia Pictures from 1973 until his departure this summer, will have "broad responsibilities" and work directly with Warner's chief executive officer, Mr. Steven J. Ross, and other top company officials. The appointment takes effect from January 1.

Columbia's management reshuffle in July followed the highly publicised case involving Mr. David Begelman, a former executive fined \$5,000 for obtaining \$40,000 from the company.

UCB profit in second half

BRUSSELS — Improved demand and strict management control have lifted Union Chimique Belge out of the red during the second half of 1978. In the first half 1978, UCB made a net loss of BFr 148m (\$5m), after a loss of BFr 397m for 1977 as a whole. However, the slight but persistent improvements in demand for films, chemicals and pharmaceuticals together with action to "cut charges, develop better products and growth markets are beginning to have an impact on results."

The group continues to be adversely affected by high wages and salaries in Belgium and by an unfavourable high exchange rate for the Belgian franc.

Paris ready for further falls in bond yields

By David White

PARIS—Favourable conditions on the French bond market are expected to push interest rates down further in the New Year.

An issue of FFr 1.8bn (\$425m) being floated next week over 17½ years by Credit Foncier de France, the State-directed building finance institution, carries a coupon of 9.9 per cent. This is the first time the interest on an orthodox bond issue has dropped below 10 per cent for some five years, and dealers predict a further decline to around 9.5 per cent in coming weeks.

The loan, issued at par, follows a 10 per cent issue for FFr 150m floated by the town of Marseilles, repayable over 12 years after a four-year grace period, and a 10.2 per cent FFr 300m 12-year bond from the public sector Credit Mutuel.

Interest rates, which were over 11 per cent at the beginning of the year, have dropped steadily since the centre-right Government's win in the General Election in March.

The stability of the franc, France's return to a foreign trade surplus this year and better than expected inflation figures have confirmed this trend. Easy credit conditions are expected to continue following November's cost of living increase, which showed a further slowdown in the rate of inflation.

Borrowers coming to the market in the near future are expected to include Compagnie Bancaire, a private sector bank which leads the field in consumer credit.

The SNCF is also floating a FFr 500m issue in the railway authority's unique style of a hybrid bond-cum-lottery. The lottery bond, which will carry a 5.25 per cent coupon is already being placed ahead of issue and dealers report an exceptionally good reception. The decline in bond interest rates has been echoed on the overnight money markets, where rates have dropped below 7 per cent after reaching 10 per cent early in the year. The level is currently hovering between 6¾ and 6⅞ per cent.

Kansai merger talks with Maruzen Oil

BY YOKO SHIBATA

TOKYO — Merger talks have been taking place between Maruzen Oil, the major oil refiner and distributor and Kansai Oil. Both Osaka-based companies envisage a merger contract at the earliest next March which would enable a merger in October, 1979. A spokesman for Maruzen Oil said Kansai Oil was established as a refiner for Maruzen Oil in 1964.

About one quarter of the Kansai Oil's daily production (110,000 barrels) is supplied directly by pipeline to Kansai Electric Power, with the remainder sold through Maruzen Oil.

As a result, Kansai Oil has been closely linked with Maruzen Oil. In fact, merger talks have rapidly progressed since Kansai Oil eliminated its cumulative deficits. Another factor has been the Ministry of International Trade and Industry's strong administrative guidance towards integration of domestic oil concerns.

Maruzen Oil at present has a paid-up capital of Y16.4bn and belongs to Sanwa Bank Group.

* * *

Toyobo, a major Japanese spinning company, made a Y1.23bn (\$6.2m) net profit in the half-year to October 31, after a Y4.6bn net loss in the same period of last year, AP-DJ reports from Tokyo.

Sales in the period totalled Y105.6bn, down by 2.3 per cent from Y108.1bn the year before.

AP-DJ

Big increase for American-Israel Paper Mills

By L. Daniel

TEL AVIV — American-Israel Paper Mills (AIPM) of Hedera, Israel's main paper producer, had a 164 per cent rise in its net profit in April-September, 1978 to I£38m (\$2.17m) compared with the same period in 1977. Earnings per share (undiluted) rose to I£0.53 (I£0.47 on a fully diluted basis) in mid-1978, against I£0.28 in April-September, 1977.

Sales rose by 50 per cent to I£560.3m in the first half of fiscal 1978-79. The company was able to reduce financing expenses from I£6.3m to I£3.9m and this, together with better utilisation of capacity, led to the improvement in profitability.

AIPM paid a 16 per cent cash dividend and 25 per cent bonus shares in respect of 1977-78. In August of this year, the company's capital was doubled to I£200m by the creation of an additional 100m shares of I£1 nominal value.

Profits boost of 45% for New Straits Times

BY WONG SULONG

KUALA LUMPUR — The New Straits Times Press, Malaysia's biggest newspaper group, has reported an impressive set of results with pre-tax profits rising by 45 per cent to 13.9m ringgits (U.S.\$6.3m).

After-tax, the profits stood at 6.3m ringgits (U.S.\$2.9m), which is 48 per cent better than the previous financial year ending August. These results were achieved with only a 15 per cent increase in sales to 59.5m ringgits (U.S.\$27.5m).

As in previous years, operations by the parent company, which publishes the New Straits Times, Malay Mail, and the Berita Harian, and their Sunday editions, were the main profit earner, although improved results were reported in the subsidiaries, particularly Financial Publications Berhad.

Pre-tax profits of the parent company rose by 30 per cent to 14m ringgits (U.S.\$6.4m), while after-tax profits stood at 6.5m ringgits, 18 per cent higher than the previous year.

A final dividend of 25 per cent is declared, bringing the total dividend for the year to 40 per cent.

* * *

KUALA LUMPUR — Profits at United Malayan Flour Mills were affected by the keen competition in the industry, and fell from 3.58m ringgits to only 3m ringgits (U.S.\$1.36m). This year's after tax profits were even lower because of a much higher provision for tax, resulting in a net profit of 1.3m ringgits compared with 3m the previous year.

A final dividend of 20 per cent was declared.

Exports gain at Israel Aircraft

By Our Own Correspondent

TEL AVIV — Exports for Israel Aircraft Industries, which produces civilian and military aircraft, communications systems and other civilian as well as military electronic products, will account for 50 per cent of the company's total 1978-79 turnover.

This figure compares with 22 per cent in 1974-75 and 27 per cent in 1975-76. Its total turnover this year will reach I£11.5bn (\$657m), including \$300m worth of products and services, such as aircraft overhaul and maintenance.

The expected 1978-79 total of exports is twice the \$145m recorded in 1977-78, and it is foreseen that this upward trend will continue, though not necessarily at the same rate.

Singapore to tighten safeguards

SINGAPORE—The Singapore Government will introduce proposals soon to amend its Companies Act and give better protection to investors, according to Hon Sui Sen, the Finance Minister.

Changes would be aimed at ensuring high ethical standards among company directors, he said in a policy statement to Parliament.

The Government also intended to develop the Singapore money, bond and capital markets to increase the pool of available funds for investment.

The Government's target is to attract S\$450m (U.S.\$207m) worth of new investment to Singapore next year.

Where tax incentives are necessary to encourage investments in specific sectors, they will be given, he told Parliament.

A review of the public sector role in the economy will be undertaken by the Government which will consider selling off parts of its earlier investments in some industries which had completed their development role.

Reuter

Swiss watch group prepares for dip into the red

BY JOHN WICKS

ZURICH — A modest dip into the red is expected for this year by the Swiss watch group, Societe Suisse pour l'Industrie Horlogere (SSIH).

However, the company explains that cash flow for 1978 should nonetheless prove positive and that by 1979 a return will have been made to "the profits zone."

According to a letter to shareholders, the group has this year experienced a decline in sales at the lower end of the market. This has, however, been compensated by a 25 per cent rise in sales, ex works, of the dearer brands, such as Omega, Tissot and Lanco. Group turnover in electronic watches rose 74 per cent and SSIH sales now account for one-third of all Swiss exports of electronic watches and working parts.

For the first ten months of the year, turnover rose slightly to SwFr 510m (\$314.8m), compared with SwFr 505m for January-October, 1977. Actual Swiss-franc turnover showed a slight decline, however, since sales of the Italian marketing subsidiary were consolidated for the first time this year.

This net fall in turnover was due wholly to the appreciation of the Swiss franc. Excluding Italian sales and assuming stable exchange rates, group turnover would have been 12.4 per cent higher.

* * *

Sandoz Inc., the largest U.S. subsidiary of Sandoz AG, expects 1979 turnover to show a 10 per cent rise on the \$280m expected for 1978. According to Mr. Albert J. Frey, president and chief executive officer of Sandoz Inc., business in the pharmaceutical sector was good in 1978, but dyestuffs and chemicals were less satisfactory, affected by the textile industry crisis.

Despite currency losses, Sandoz Inc.'s 1978 earnings were higher than in the previous year. No figures were given. The company has "new products in the pipeline" which will bring in more turnover and profits. The company also plans to expand its agro-chemical business in the U.S., and in dyestuffs plans are being prepared to gain more independence from textiles.

* * *

Group turnover of Hilti AG, the Liechtenstein-based manufacturing company, fell by some 6 per cent last year from SwFr 782.5m to about SwFr 735m (\$453.7m), according to a company statement. This decline results from the appreciation of the Swiss franc: had exchange rates remained at 1977 levels, sales would have gone up by 16 per cent.

Hilti, which produces assembly systems and power tools, expects cash-flow to have dropped from SwFr 50.5m to something like SwFr 45m this year. This will have been accompanied by a sharp fall in profits from SwFr 18.9m to about SwFr 13m.

The company plans to expand its market share in 1979, however, and has budgeted fixed-asset investments of SwFr 80m —including a new plant being built in Oklahoma — and research and development expenditure of SwFr 22m. The group labour force is to grow from 7,500 to 8,000.

* * *

Nestle SA, of Vevey, has signed a joint-venture agreement with Agriculture and Fishery Development Corporation, of Seoul, for the manufacture in South Korea of a range of food products. These include bouillons, cereals and other weaning foods which will be marketed for the jointly-owned company in Korea under Nestle brands.

The joint venture company will have an authorised capital of 5bn Won (\$11m) and give direct employment to some 250. Negotiations on the venture began last April.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94⅛	94⅝	−0¼	−0⅛	10.16
Australia 8.45 83	175	95⅛	95⅝	0	−0¼	9.96
Australia 9⅜ 93	75	97⅝	98⅛	+0¼	+0⅛	9.62
Beatrice Foods 7⅞ 83	100	93⅛	93⅞	+0⅛	+0⅛	9.69
CECA 8¾ 87	50	94⅞	95⅛	+0½	+0⅛	9.67
CECA 9 93	25	96¼	96¾	0	+0⅛	9.46
CECA 9¾ 98	25	98⅜	98⅞	+0⅛	+0⅛	9.40
CNT 9 93	75	94½	95	+0⅛	0	9.88
Canada 8 83	250	93¾	94¼	−0⅛	−0¼	9.99
Canada 8.20 85	250	93¼	93¾	0	+0⅛	9.78
Canada 8⅞ 98	250	92¼	92¾	−0⅛	+0⅛	9.70
Canada 9 83	400	97⅛	97⅝	+0⅛	0	9.89
Canada 9⅜ 98	350	97½	98	+0⅛	+0⅛	9.73
Canadair 8½ 83	70	94⅛	94⅝	+0⅛	−0⅛	10.06
Dominion Bridge 9 86	25	93⅛	93⅝	0	0	10.27
EIB 9⅝ 98	125	96½	97	+0⅛	+0⅛	9.73
Eksportfinans 9 86	50	95⅝	96⅛	0	−0⅛	9.77
Finland 8¾ 83	100	95⅝	96⅛	0	0	10.16
Finland 9 88	100	94⅝	95⅛	0	−0⅛	10.05
Hospital O/S 9 83	25	96⅜	96⅞	−0⅛	−0⅛	9.91
Ital Finance 9¾ 90	20	91⅛	91⅝	−0⅛	−0¼	11.38
J. C. Penney 8½ 83	100	95⅜	95⅞	−0⅛	−0⅛	9.70
Mac Bloedel 9⅞ 93	50	94⅞	95⅛	0	−0⅛	9.89
NZ Dev. Fin. 8⅞ 83	20	93⅛	93⅝	+0⅛	+0⅛	9.99
NZ Dev. Fin. 8⅞ 85	20	93⅛	93⅝	+0⅛	+0⅛	9.79
Nat West 9 86	75	96⅝	97⅛	+0¼	0	9.59
Newfoundland 9⅝ 90	50	96⅛	96⅝	0	−0⅛	9.77
Nord Inv. Bk. 8¾ 88	25	95¼	95¾	+0¼	+0¼	9.48
Norges Komm. 9⅛ 98	75	96	96½	+0⅛	0	9.76
Norsk Hydro 9⅛ 94	50	96⅛	96⅝	0	−0⅛	9.72
Norway 7⅞ 83	250	92½	93	−0¼	−0⅛	9.99
Norway 8¾ 83	150	†96	96½	+0⅛	+0⅛	10.00
Occidental 8¾ 85	75	92¼	92¾	+0⅛	0	10.51
Ont. Hydro 8½ 85	125	93⅛	93⅝	−0⅛	−0¼	9.92
Quebec Hydro 9½ 83	50	97⅜	97⅞	+0⅛	+0½	9.80
Sweden 9⅜ 98	125	97⅛	97⅝	+0⅛	0	9.76
UK 8½ 85	200	94½	95	+0⅛	−0⅛	9.85
UK 8⅞ 93	150	95¾	96¼	0	0	9.59

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅝	96⅛	0	+0⅛	7.09
Asian Dev. Bank 5½ 88	100	92⅛	92⅝	−0⅛	−0⅛	6.61
Australia 6 88	250	101⅜	101⅞	−0⅛	0	5.77
Austria 5½ 90	150	94⅜	94⅞	−0⅛	+0⅛	6.41
Bankamerica 5¾ 90	150	99¼	99¾	0	+0⅛	5.81
Bq. Ext. Algerie 7¾ 85	100	96⅞	97⅜	−0⅛	+0⅛	7.85
CECA 6 88	150	96⅞	97⅜	−0⅛	0	6.40
Canada 4¾ 83	600	98⅜	98⅞	0	+0⅛	5.10
Ch. Manhattn. O/S 6 93	100	101½	102	−0⅛	0	5.81
Commerzbank WW 3½	100	103¼	103¾	0	−0½	3.07
Commerzbank XW 3½	100	82½	83	0	−0⅛	5.92
Copenhagen City 6 90	75	94¾	95¼	+0⅛	−0⅛	6.62
Council of Europe 6¼	100	98¾	99¼	−0⅛	−0½	6.28
Council of Europe 6¼	130	97⅞	98⅛	−0⅛	−0¼	6.65
EIB 6 90	300	96⅜	96⅞	+0⅛	+0⅛	6.41
Elf Aquitaine 5¾ 88	100	93⅜	93⅞	−0⅛	−0⅛	6.16
Finland 6 83	150	98½	99	0	0	6.30
Hitachi Ship. 5¾ 83	50	100⅝	101⅛	−0⅛	+0⅛	5.54
IBJ 5 84	100	99⅜	99⅞	−0⅛	−0⅛	5.09
Indonesia 7 84	100	97⅞	98⅜	+0⅛	+0½	7.46
Kobe, City of 5¾ 86	100	101⅛	100⅝	+0⅛	+0⅛	5.88
Light Services de Elet.	150	96⅞	97⅜	0	0	7.26
Mexico 6 85	200	97¾	98¼	0	+0⅛	6.39
Mitsubishi Petro. 5¾ 85	100	101⅛	101⅝	+0⅛	+0¼	5.49
Nippon Steel 5¾ 85	100	101⅝	102⅛	+0⅛	+1	5.40
Norges Komm. 6 90	100	97⅜	97⅞	0	+0⅛	6.29
Norway 4½ 83	250	97	97½	0	+0⅛	5.10
Norwegn. Ind. Bk. 6 90	125	97⅜	97⅞	0	+0¼	6.29
Occidental 6¾ 90	150	97⅞	98¼	+0⅛	+0⅛	7.00
OKB 6½ 88	100	101½	102	+0⅛	+1⅛	6.26
Petroleo Brazil 7 88	100	98¾	99¼	−0¼	−0¼	7.14
PK Banken 5⅞ 88	100	93⅞	94⅜	0	−0⅛	6.64
Quebec, Prov. of 6 90	150	95¼	95¾	−0¼	−0⅛	6.57
Ricoh 5⅛ 83	30	100⅝	101⅛	+0⅛	+0⅛	4.96
Spain 6 88	200	94½	95	−0⅛	−0⅛	6.77
Statoil 6 88	150	98¼	98¾	−0⅛	0	6.21
UDS Group 5¾ 83	65	97¾	98¼	+0⅛	+0¼	6.25
Venezuela 6½ 90	150	94½	95	0	0	7.17
World Bank 6¼ 88	400	97⅞	98⅜	0	+0¼	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅞ 88	40	105½	106	+1⅛	+1⅞	4.49
Amer. Exp. Intl. 3½ 93	40	100¾	101¼	+0⅛	+0⅞	3.41
Arlberg Tunnel 4 93	40	101	101½	+0⅛	+0¾	3.88
Austria 3½ 93	100	97	97½	+0⅛	+1⅛	3.75
Brazil 4⅞	100	97½	98	+0½	+0¼	4.52
Chase Manhattan 4 93	70	105	106	+0⅛	+1	3.51
Bankamerica 3¾ 93	80	102¾	103¼	+0¼	+1¼	3.49
BNDE 5 88	75	101½	102	0	0	4.75
Denmark 4½ 90	100	104⅛	104⅝	+0⅛	+1	4.01
Denmark Mortgage Bk.	80	102½	103	+0⅛	−0½	4.19
EIB 4¼ 93	100	102⅛	102⅝	+0⅛	+0½	4.01
Euratom 4⅛ 93	80	102¼	102½	−0⅛	+0½	4.03
F. L. Smidth 4½ 89	25	102⅝	102⅞	+0⅛	+1	4.19
Finland 4½ 93	80	103⅜	103⅞	−0⅛	+0⅛	4.19
First Chicago 3½ 93	70	†99	99½	+0½	−1⅛	3.57
GZB 4½ 93	100	103¼	103¾	+0⅛	+0⅛	4.17
Hilti-Liechenstein 4⅛	25	104⅝	105⅛	+0⅛	+0⅛	3.80
ICI Fin. NV. 4¼ 93	100	104⅜	104⅞	+0⅛	+0⅛	3.82
Malaysia 4¾ 90	80	99⅞	100⅜	+0¼	0	4.75
Manitoba 4 93	100	103	103½	+0⅛	+0⅞	3.71
Newag 4 93	70	102	102½	+0⅛	+0⅞	3.80
Norges Komm. 4¼ 90	100	103½	103¾	+0⅛	+0½	3.85
OKB 4 93	80	101½	101¾	+0⅛	+0⅛	3.85
Oy Nokia 5 90	20	104⅝	105⅜	+1⅛	+1⅞	4.43
Safe 4¼ 93	20	103⅞	104⅜	+1½	+1½	3.87
Sandvik 4 90	85	102	102½	0	+0⅛	3.76
Seas 4½ 88	15	103½	104	−0¼	−0¼	4.01
Voest-Alpine 4½ 93	100	103⅜	103⅞	+0½	+0¼	4.20
Voralberg Kraft 4 93	20	102	102½	+0⅛	+0⅛	3.79
Vienna 4 93	100	101⅛	101⅝	+0⅛	+0⅛	3.86
World Bank 4¼ 93	250	103	103½	+0½	+0½	3.98

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5⅜ 88	15	96⅞	97⅜	0	0	6.20
BFCE 6.4 90	30	95⅜	95⅞	0	0	7.10
Eurofima 6.3 90	10	96⅜	96⅞	0	0	6.86
Norway 5.7 83	25	100¾	101½	−0⅛	0	5.47
SNCF 6.6 90	20	96¾	97¼	0	+0⅛	7.09
Sweden 6.3 90	40	95	95½	0	0	7.01

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold 11½ AS	12	95¾	96½	+0⅛	+0⅛	12.71
Auto Cote B. 7 93 EUA	16	96⅛	96⅝	+0½	+0⅛	7.48
Copenhagen 7 93 EUA	30	94⅞	95⅜	0	0	7.55
Finland Ind. 7 93 EUA	15	95½	96½	+0⅛	−0⅛	7.46
Komm. Inst 7½ 93 EUA	15	97⅞	98⅜	+0¼	−0¼	7.70
Panama 8¾ 93 EUA	20	96⅞	97⅜	+0½	+0¼	8.62
SDR France 7 93 EUA	22	96⅞	97⅜	+0¼	0	7.32
Algemene Bk 6¾ 83 Fl	75	91⅞	92⅜	+0⅛	+0⅛	8.50
Brazil 7½ 83 Fl	75	94	94½	0	−0¼	9.05
CFE Mexico 7¾ 83 Fl	75	96⅞	97⅜	0	0	8.48
EIB 7¾ 85 Fl	75	93½	94¼	0	+0⅛	8.47
Neder Midd. 6½ 83 Fl	75	93½	94¼	0	+0¼	8.19
New Zealand 6¾ 84 Fl	75	91⅞	92⅝	+0⅛	+0¼	8.56
Norway 6½ 83 Fl	100	92⅞	93⅜	+0⅛	+0⅛	8.61
OKB 6½ 85 Fl	75	90	90¾	0	−0⅛	8.50
Elf Aquitaine 9¾ 88 FFr	150	98¼	98¾	+0⅛	0	9.98
EIB 9¾ 88 FFr	200	98⅜	98⅞	+0¼	0	9.96
Unilever 10 85 FFr	100	100⅞	101⅜	+0⅛	+0⅛	9.84
BAT 8 88 LuxFr	250	95⅝	96⅛	0	0	8.60
Bayer Lux 8 86 LuxFr	250	95⅝	96⅛	+0¼	+0¼	8.70
EIB 7¾ 88 LuxFr	250	95¼	96¼	+0⅛	+0⅛	8.40
Finland I. Fd 8 88 LuxFr	250	95⅝	96⅝	+0⅛	+0⅛	8.60
Norway 7¾ 83 LuxFr	250	96⅜	97⅞	+0⅛	−0⅛	8.48
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	+0⅛	+0⅛	8.11
Solvay Fin 8 85 LuxFr	500	100½	101½	+0⅛	+0⅛	7.80
Swedish Bk 8 88 LuxFr	500	99⅛	100⅛	+0⅛	+0⅛	8.01
Gestetner BV 11 88 £	10	89	89¾	−0¼	+0¼	12.99
Whitbread 10½ 90 £	15	85⅛	86⅛	−0⅛	−0⅛	12.97

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99⅜	20/4	10⅝	10.72
Arab Intl. Bk. M6.5 83	0½	95⅝	96⅛	31/1	9⅝	9.78
B. El Salvador M8 83	1¼	96⅝	97⅛	12/4	11.31	11.56
B. Nac. Argent M8 83	0¼	96⅞	97⅜	21/1	9⅛	9.65
Bank Handlowy M8 88	1⅛	97⅛	97⅝	25/11	12.94	13.29
Bk. of Tokyo M5½ 93	0¼	96⅝	97⅛	18/4	10½	10.84
Banque Worms M5¾ 85	0¼	98⅛	98⅝	15/6	12	12.20
Bq. d'Alg. M8.375 84	0¾	96½	97	9/2	9⅝	9.95
Bq. Ext. d'Alg. M7.5 85	0⅝	95½	96	2/5	12¾	13.32
Bq. Indo et Suez M5½	0¼	98	98½	26/1	9⅜	9.54
Bq. Afr. Occ. M6.5 83	0¾	96⅞	97¾	12/1	9⅞	9.66
CCCE M5.25 98	0¼	97⅛	97⅝	3/2	9.19	9.44
CCF M5¾ 85	0¼	99⅛	99⅝	3/5	12⅛	12.33
Ch. Man. O/S M5¾ 93	0⅛	97⅜	97⅞	27/1	9.31	9.54
Credit National M5¾ 88	0⅛	97¾	98¼	11/1	9.19	9.38
Gotabanken M6 88	0¼	97½	98	15/6	12.31	12.60
Ind. Bk. Japan M5½ 85	0¼	98⅞	99⅜	1/6	12.35	12.48
Ishikawajima M5¾ 85	0¼	—	—	—	—	—
Ljubljanska M7.75 85	1	95¾	96½	19/1	10¼	10.66
LTCB Japan M5¼ 85	0¼	98¼	98¾	9/5	12.06	12.25
Midland Intl. M5½ 93	0¼	97½	98	20/1	9.44	9.66
Nat. West. M5½ 90	0¼	97¾	98¼	21/6	12½	12.76
OKB M5¼ 88	0¼	99⅜	99⅞	18/4	10.56	10.60
Offshore Mining 86	0¼	98⅛	98⅝	19/1	9.44	9.59
Privredna Banka M8 86	0⅞	95¾	96¼	22/12	—	—
Stand. Chart. M5.5 90	0¼	96⅞	97⅜	10/2	8.94	9.23
Sundsvallsbnkn. M6 85	0¼	96½	97	4/4	10.06	10.40
Utd. Overs's Bk. M6 83	0¼	98½	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	†628	91⅛	92½	−0¼	−0.10
Baker Int. Fin. 5½ 93	1/79	†34	101½	102	−0¼	8.11
Boots 6¾ 93	2/79	2.16	91⅞	92⅜	−0½	−1.79
Coca-Cola Bottling 6¾	4/79	9	89	90¼	0	26.43
Ito-Yokado 5¾ 93	6/78	†1473	130½	131	+0¾	−0.46
Novo Industri 7 89	[illegible]	259	89½	90¼	−0⅛	1.94
Texas Int. Air. 7½ 93	4/79	14.5	88½	89	+0¼	10.65
Thorn Int. Fin. 7 88	11/78	3.67	102⅜	102⅞	−0⅛	−4.04
Tyco Int. Fin. 8½ 88	9/78	†21	96½	97	−1¼	17.78
Tyco Int. Fin. 5 84	[illegible]	61.5	74½	75¼	−0⅛	167.84
Asahi Optical 3½ DM	12/78	588	90¾	91½	−0¼	3.04
Casio Cp. 3½ 85 DM	11/78	841	102¾	103½	+1¼	7.31
Izumiya 3½ 86 DM	10/78	989	94⅞	95½	+0⅛	7.57
Jusco 3½ 86 DM	1/79	1270	92	92¾	+0½	10.87
Konishrku. 3½ 85 DM	1/79	612	93⅛	94⅛	−0⅛	4.87
Marudai Food 3½ DM	2/79	1033	98⅝	99⅛	+0¼	16.05
Murata M. 3½ 88 DM	11/78	*864	94	94½	−1⅛	−12.87
Nipp. Air. 3.5 88 DM	12/78	508	90¾	91½	+0⅛	5.58
Nippon Shmpn. 3½ DM	8/78	738	113	113¾	+0⅞	6.88
Nippon Ysn. 3½ 85 DM	1/79	†251	95¾	96¼	−0⅛	2.53
Nissan Diesl. 3½ 86 DM	2/79	477	94⅛	94⅞	0	6.57
Olymp. Opt. 3½ 85 DM	2/79	703	99¾	100	+0⅞	−3.19
Ricoh 3½ 86 DM	10/78	617	100¾	101	−0¼	10.88
Sankyo Elec. 3¾ DM	8/78	869	111½	112¼	+1½	9.28
Sanyo Electric 3½ DM	11/78	295	89⅞	90⅛	−0⅛	5.52
Seiyu Strs. 3¾ 86 DM	9/78	1275	112¾	113¾	0	−1.98
Sharp Cp. 3½ 88 DM	2/79	487	91¼	91¾	−0⅛	−2.02
Stanley Elec. 3½ DM	11/78	623	93½	94¼	+0⅛	12.48
Tokyo Elec. 3½ 87 DM	4/79	476	96½	97¼	+0⅛	0.07
Trio Knwd. 3½ 86 DM	11/78	711	86¼	87	+0⅛	17.45

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Trade figures briefly halt Wall Street slide

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—83% (83%)
Effective $2.0290 42¼% (43¼%)

CONTINUED CONCERN about unrest in Iran and caution ahead of the weekly banking statistics left stocks on Wall Street broadly easier again yesterday after a fair business, with morning news of a smaller-than-expected U.S. trade deficit for November only temporarily halting the slide.

The Dow Jones Industrial Average, after showing a net gain of 2 points at one stage on the trade figures, reacted afresh to finish 2.60 lower on the day at 805.96 for a two-day loss of 10.05. The NYSE All Common closed 22 cents weaker at $53.68, while declines outnumbered advances by 1,043 to 461. Turnover expanded to 25.44m shares from Wednesday's level of 23.58m.

The Commerce Department reported that the U.S. trade deficit for November narrowed to a seasonally adjusted $1.95bn from $2.13bn in October.

Additionally, it said the U.S. index of leading economic indicators fell a seasonally adjusted 0.6 per cent in November and revised the October rise to 0.4 per cent from 0.5 per cent. Analysts stated that the market has been looking for some sign of a slowing of the economy to take upward pressure off prices and interest rates.

However, oil industry sources said if Iran does not resume oil exports by mid-January, prices could begin to rise swiftly. Iranian output is down to a trickle from normal production of 5.7m barrels a day, about 10 per cent of the world's needs.

After the market closed, the Federal Reserve reported that the basic money stock (M-1) rose $100m in the latest reporting week but its new category (M-1-plus) fell $500m.

Mobil picked up ¼ to $68⅜ after losing 1½ the previous day on news that its Baltimore Canyon well was a dry hole.

Redman, which plans to buy up to 1m of its Common shares, gained ⅜ to $4½.

WUI advanced 1⅞ to $28½. *Continental Telephone said it has* bought a 7.4 per cent interest in WUI and plans to increase its ownership to as much as 20 per cent, adding that it eventually may seek to buy all of WUI. **Continental Telephone** were unchanged at $14½.

THE AMERICAN SE Market Value Index ended 0.66 lower at 149.42 after an active business *of 4.46m shares (3.55m).*

Among the Amex activities, **Houston Oil and Minerals**, which is exploring in the Baltimore Canyon, lost ¼ to $15½, while **Resorts International "A"** receded 1½ to $25½. **Amdahl** $1 to $50½ and **UV Industries Warrants** ¼ to $2½.

Canada

Markets were mainly in firmer mood yesterday in moderate activity, the Toronto Composite Index gaining 4.5 to 1,300.1. Golds moved ahead 11.2 more to 1,428.8 on index, while Metals and Minerals put on 3.3 to 1,082.9, Papers 2.51 to 157.08 and Utilities 0.90 to 196.47. Banks however, shed 0.83 to 304.67 and Oils and aGs 2.3 to 1,833.7.

Simpsons units were the most active Toronto Industrial, gaining ½ to C$8 on 351,710 shares, while **Simpsons** were unchanged at C$2.40. **Hudson's Bay**, which said it has more than 60 per cent of Simpsons under a tender offer, lost ¼ to C$20.

Canadian Pacific rose ⅞ to C$25 in active trading, but **Canadian Pacific Investments** shed ¼ to *C$24¾. CPI said it* intends bidding for Macmillan Bloedel, which remained halted.

Tokyo

The market put on another buoyant performance in active trading in yeserday's half-day session, which was the last time the stock market will be open this year.

The Nikkei-Dow Jones Average advanced 22.77 more to 6,001.85, while the Tokyo SE index finished 2.20 higher at 449.55. The morning session turnover was a heavy 300m shares, compared with Wednesday's full-day volume of 550m.

Investor desire to purchase Blue Chips and large-capital *issues was still strong on expectations of further gains being* scored in the New Year trading, which will be resumed from a half-day session on January 4.

Electricals, Precision Instruments, Textiles and Heavy Electricals led the market higher, but Real Estates, Department Stores and Petroleums lost ground on profit-taking.

Matsushita Electric Industrial *rose* Y12 *to* Y723, **Toshiba** Y2 to Y156, **Fujitsu** Y9 to Y433, **Nippon Kogaku** Y14 to Y492 and **Ajinotomo** Y8 to Y590, while **Nissan Motors climbed** Y19 to Y705, **Casio** Y12 to Y898, **Jaces** Y14 to Y744 and **Tokyo Electric Power** Y20 to Y1,100.

In contrast, **Mitsukoshi** receded Y11 to Y565 and **Toyota Motor** Y7 to Y881.

Germany

Stock prices were narrowly mixed in extremely slow end-year trading. The Commerzbank index, after slipping 3.0 the previous day, closed a marginal 0.6 firmer at 817.2.

Dealers said the little trading which took place was triggered *mostly by year-end book closing* operations rather than by any economic factors.

Motor shares, however, declined on concern about the steel strike. **Volkswagen** and **BMW** losing DM2 apiece and **Daimler Benz** receding DM3.

AEG, in Electricals, shed DM 1.20, but **Commerzbank** were that amount higher, while **MAN** put on DM 2 and **Thyssen** *DM 1.50.*

Public Authority Bonds were up to 35 pfennings lower after DM 16.4m of Bundesbank purchases. Mark Foreign Loans, however, were steady to firmer.

The Bourse will be closed today and next Monday.

Paris

In a relatively quiet trading session, share prices were *inclined to lose further ground* on the forward market.

Brokers said most of the activity at the exchange centred on the cash market. Small investors can benefit from income tax deductions if they invest in French shares before the end of this year.

Market observers said sentiment was further depressed by news of events in Iran and the consequent weakness of the dollar.

Declines predominated in practically all sectors, apart from Foods and Oils. Notably lower were **Comptoir des Entrepreneurs, Bouygues, Pricel, Ruche Pice, Dumez, Kleber, Poclain, Prenatal, CIT Alcatel, Thomson-CSF, Chiers-Chatillon, L'Oreal** and **BIC**.

Gaining against the general trend were **St. Louis, Mumm, Michelin, Generale D'Entreprises, BSN, Alspi, Sacilor** and **Generale des Eaux**.

Hong Kong

News that two of the colony's banks had raised their best lending rate to 9.5 per cent from a previous 8.75 per cent caused an early fresh stock market setback. However, trading was thin and a partial recovery occurred later, leaving the Hang Seng index only 3.61 lower on balance at 500.09.

Among market leaders, **Hong Kong Bank** were a net 10 cents lower at HK$ 17.60, while **Hong Kong Land** lost 15 cents to HK$ 7.65. *Jardine Matheson and* Swire Pacific shed 10 cents each *to HK$ 11.80 and HK$ 7.55* respectively, but **Hutchison Whampoa** closed unchanged at HK$ 4.00 and **Wheelock Marden** managed a net improvement of 2.5 cents at HK$ 2.575.

Australia

Shares continued to show a firming tendency yesterday. Trading, however, was quiet, with the overnight weakness of the U.S. dollar, which undercut the Australian currency, taking a little of the bounce out of the market.

The sharp rise in Bullion prices overnight as speculators hedged against the dollar resulted in an advance of 60 cents to A$13.60 by **Central Norseman**.

Some diamond speculatives attracted buyer attention as traders sought positions in advance of the next Ashton progress report, expected early in January. CRA, up 10 cents the previous day, were steady at A$3.60, although its Ashton joint venture partner **Ashton Mining** gained 2 cents to 91 cents. **Otter Exploration** hardened 2 cents to 32 cents.

Uraniums were generally higher, **Kathleen Investments** adding 10 cents at A$2.75 and **EZ Industries** 3 cents at A$2.95.

Small gains occurred in the Oils sector, while among Banks, ANZ strengthened 15 cents to A$4.10.

There was support for Food and Drink stocks, selected Properties, Retailers and Insurances. **David Jones** improved 5 cents to A$1.30 and **Reckitt and Colman** 5 cents to A$2.55, but BHP a strong market of late on its Fortescue Three oil find, slipped back 2 cents to A$8.96.

Johannesburg

Golds mainly improved afresh in moderate trading on the stronger Bullion price.

Mining Financials were harder, shadowing the trend in gold producers. Diamond share *De Beers* extended recent sharp gains to rule 17 cents higher at R8.40, aided by London and New York buying. Colliery issues also advanced, buoyed by Iranian and local petroleum supply considerations.

Platinums were narrowly mixed, although Coppers were harder, where changed.

Industrials were basically steady in slack conditions.

Milan

Selective gains occurred in a light turnover.

Fiat advanced 30 to L2,820 following announcement of the creation of the group's new car subsidiary.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ⊕ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	Dec. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	805.96	808.56	816.01	808.47	794.79	793.66	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds.	84.71	84.89	84.83	84.91	84.92	85.08	90.66 (4/1)	84.69 (27/12)	—	—
Transport	206.35	208.76	211.19	208.46	204.42	205.45	261.48 (6/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.14	98.00	98.31	98.21	97.77	97.75	110.98 (3/1)	97.75 (20/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	25,440	25,580	21,470	25,790	26,700	28,520	—	—	—	—

◆ Day's high 813.66 low 802.75

Ind. div. yield %	Dec. 22	Dec. 15	Dec. 8	Year ago approx
	6.00	6.02	5.97	5.64

STANDARD AND POORS

	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	Dec. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.41	107.85	108.88	107.48	105.49	105.45	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.58 (30/6/32)
§Composite	96.28	96.66	97.52	96.31	94.71	94.68	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Dec. 27	Dec. 20	Dec. 13	Year ago (approx.)
Ind. div. yield %	5.10	5.21	5.14	4.90
Ind. P/E Ratio	8.74	8.55	8.64	9.15
Long Gov. Bond yield	8.92	8.95	8.84	8.02

N.Y.S.E. ALL COMMON

Dec. 28	Dec. 27	Dec. 26	Dec. 22	1978 High	1978 Low
53.68	53.90	54.58	53.77	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Dec. 28	Dec. 27	Dec. 26
Issues Traded	1,957	1,943	1,870
Rises	461	451	863
Falls	1,043	1,037	583
Unchanged	453	455	424
New Highs	4	7	21
New Lows	102	78	60

MONTREAL

	Dec. 28	Dec. 27	Dec. 22	Dec. 21	1978 High	1978 Low
Industrial	217.77	218.32	216.34	214.54	222.14 (11/10)	152.80 (16/2)
Combined	223.74	222.94	222.48	220.89	226.61 (12/10)	170.82 (30/1)
TORONTO Composite	1300.1	1295.6	1290.3	1284.8	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	264.2	260.3	248.6	246.1	272.0 (14/8)	186.0 (20/4)
JOHANNESBURG Industrial	268.7	268.2	270.8	270.5	281.8 (1/11)	194.9 (15/3)

	Dec 28	Previous	1978 High	1978 Low
Australia(¶)	542.41	540.89	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	96.01	97.93	101.16 (8/6)	90.43 (23/5)
Denmark(**)	88.96	89.56	98.95 (14/6)	88.08 (30/10)
France (††)	76.1	76.6	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	817.20	816.6	863.8 (19/10)	759.4 (17/5)
Holland (§§)	80.7	81.2	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	500.09	503.70	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	65.39	68.75	82.25 (25/9)	55.46 (10/1)
Japan (a)	449.55	447.35	452.60 (13/12)	364.04 (4/10)
Singapore(b)	346.71	348.16	414.50 (8/9)	252.0 (9/1)

	Dec. 28	Previous	1978 High	1978 Low
Spain (d)	88.32	88.63	110.78 (9/6)	87.88 (17/5)
Sweden (e)	361.15	364.09	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	289.2	290.1	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sonny	606,400	88	+⅛
Sears Roebuck	308,700	20	−⅛
Texaco	263,900	24	−⅜
White Motor	238,400	7⅛	+1⅛
Uniroyal	217,300	5½	
Chrysler	205,000	8⅝	−⅛
Exxon	193,500	49	−⅛
IBM	182,300	304	+1⅝
Bethlehem Steel	181,500	19⅞	+⅛
Ramada Inns	174,800	7⅞	−⅛

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13%
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14%
First Nat. Secs. Ltd.	14%
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14%
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13%
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
AKZ	F.25	2	4	—	—	—	—	F.28.70
AKZ	F.27.50	—	—	20	3.40	—	—	"
AKZ	F.30	10	0.50	16	2	22	3.20	"
AKZ	F.32.50	—	—	4	1.20	6	2.10	"
ARB	F.70	—	—	—	—	10	8	F.75.20
ARB	F.73.90	6	1.90	—	—	—	—	"
ARB	F.75	—	—	—	—	3	4.40	"
ARB	F.80	—	—	—	—	1	3.10	"
CSF	F.400	—	—	—	—	6	26	F.377
EK	$60	2	2¾	—	—	—	—	$60¾
FNC	$25	—	—	—	—	2	2⅜	$23⅝
GOB	F.160	—	—	5	4.50	5	7.10	F.148
HO	F.32.50	—	—	—	—	4	6.40	F.34
HO	F.35	—	—	2	2.50	7	3.80	"
HO	F.37.50	—	—	5	2	2	3.20	"
HO	F.40	—	—	5	1.10	10	2.50	"
HO	F.45	—	—	2	0.60	—	—	"
IBM	$280	4	22	2	29	1	36	$303
IBM	$300	59	9½	—	—	1	24	"
KLM	F.120	3	3.50	—	—	—	—	F.118
KLM	F.130	10	0.50	4	3.60	—	—	"
KLM	F.140	—	—	—	—	2	4.30	"
KLM	F.170	5	0.10	—	—	—	—	"
PHI	F.22.50	10	2	—	—	—	—	F.24.20
PHI	F.25	15	0.40	20	1.50	23	1.90	"
PSA	F.480	—	—	—	—	6	55.90	F.482
PSA	F.520	—	—	11	22.50	6	34.50	"
RD	F.120	24	2.10	12	6.10	—	—	F.120
RD	F.130	30	0.20	5	1.80	1	3	"
		Feb.		May		August		
BA	$70	1	7	—	—	—	—	$73½
BA	$80	—	—	1	5⅝	—	—	"
OXY	$25	—	—	30	1/16	—	—	$16½

TOTAL VOLUME IN CONTRACTS 432

هكذا من الأصل

COMMODITIES, RAW MATERIALS and AGRICULTURE

هكذا من الأصل

Firm prices for cocoa forecast

BY OUR COMMODITIES STAFF

COCOA PRICES on the world market are likely to remain firm during the present season, according to the Commonwealth Secretariat.

This forecast is based on estimates published in the latest issue of the Secretariat's bi-annual publication "Fruit and Tropical Produce," which put 1978-79 production at 1.39m tonnes and grindings at 13.7m.

The resulting 20,000 tonnes surplus is similar to the 21,000 predicted by London merchants Gill and Duffus earlier this month, but the estimates on which it is based vary.

The Secretariat's world production figure is 29,000 tonnes higher than Gill and Duffus' but this is compensated by the fact that its demand estimate is 30,000 tonnes higher.

"If these forecasts are realised," the Secretariat says, "prices will tend to remain firm, at least in the short term."

It expects Latin America's share of the world cocoa crop to continue to rise at the expense of the West African producers. By the 1984/85 season the Latin American share could have risen to 34 per cent from the present 29 per cent, mainly reflecting extensive new plantings in Brazil, the Secretariat says.

Ghana's total 1978/79 crop is forecast at only 270,000 tonnes, the lowest level since the 1958/59 season. But this is still expected to keep it in the lead in the world cocoa production league—ahead of the Ivory coast with 260,000 tonnes; Brazil 220,000-260,000; and Nigeria, 170,000.

The Secretariat has also published new supply estimates for coffee. It puts world 1978-1979 coffee output at 71.6m bags (60 kilos each) and exportable supplies at 53.6m bags. At the beginning of this month the International Coffee Organisation forecast 1978-79 supplies at between 69.97m and 73.79m bags so the new forecast falls squarely in the middle of that range.

The new forecast represents a 4.4 per cent increase over estimated production in the 1977-78 season.

Brazilian production in 1978-1979 is expected to reach 19m bags and may rise to 20m in the following season but the Secretariat says Brazil's production potential is about 26m bags.

Other major production estimates are: Colombia, 10.1m bags (10.7m in 1977-78); Ivory Coast, 4.3m (3.3m); Mexico, 3.8m (3.7m); Indonesia, 3.2m (1.5m); and Uganda, 2.3m (2.1m).

FMC TO BUILD £2M ABATTOIR

By Our Commodities Staff

FMC, Britain's biggest meat processing and distribution company, is to build a £2m abattoir and processing complex in Perth, Scotland. The project should be completed by the end of 1980.

The company is finding the money from its own resources. Part of the finance is being provided through the disposal of surplus assets

School milk scheme boosts sales

By Our Commodities Staff

THE FREE milk scheme for schoolchildren between the ages of seven and 11 has increased liquid milk consumption in Britain by almost 1 per cent since it was introduced two months ago, according to officials at the National Dairy Council.

Money for the programme, which was won at the annual *agricultural price review* in Brussels last spring, comes from the Common Market's farm fund.

Because many authorities turned down the offer of cash to cover the full cost of free milk for two terms only 48 per cent of eligible children are benefiting, the council said.

The numbers will shrink further in the spring when 16 councils carry through their earlier warnings that they will stop giving *free* milk when they have to begin making a small contribution to the cost from their own resources.

Mr. George Holmes, council director, announcing that his budget in the New Year was *to be raised from almost £6m to £7m, said his main aim* was to win back recent falls in liquid milk consumption and expand sales significantly in the longer term.

He pointed out that the £2bn-a-year milk industry spent less than £10m a year on promotions while the brewers spent £100m and fizzy pop makers £14m a year.

The NDC is funded 50-50 by the Milk Marketing Board and the Dairy Trade Federation.

Men and Matters, Page 12

Pakistan may scrap cotton ban

BY CHRISTOPHER SHERWELL

ISLAMABAD — Mr. Mian Zahid Sarfraz, Pakistan's Commerce Minister, yesterday gave a categorical assurance to purchasers of cotton from Pakistan that his Government would honour all commitments made by the country's Cotton Export Corporation (CEC).

The CEC, a public body which is Pakistan's only buyer of cotton for export, was ordered to stop purchasing and exporting cotton two weeks ago. The decision, made to ensure that local textile mills receive adequate supplies of cotton at economic prices following this year's poor crop, angered European merchants and buyers in Japan and Hong Kong.

Mr. Sarfraz said that Pakistan would not back out of its international commitments. The Government would know within one month what the precise crop position was, once all the cotton had shifted from the farmers to the ginners. At that point it would be clear whether there would be an exportable surplus.

"If we find there is no exportable surplus," Mr. Sarfraz said, "we will settle with buyers at the prevailing international prices." He was confident this would not turn out to be necessary, and that there would be no overall shortage either for the struggling domestic mills or for export.

Prices in the local cotton market had climbed because of apprehension and speculation about the cotton crop, he said, and he had to intervene both to preserve the profit margins *of the textile mills and because* it would have been worse if they failed to honour their commitments. Prices had since fallen back.

USSR raises grain target

MOSCOW — Mr. Valentin Mesyats, the Soviet Agriculture Minister said here the USSR is aiming to produce 227m tonnes of grain in the new crop year.

Last season the target of 220m tonnes was exceeded by a record harvest of 235m tonnes. Mr. Mesyats said the crop would enable the USSR to build up livestock with the long-term aim of easing the shortage of meat.

Reuter added the Soviet Union's sugar beet harvest this year will be about 95m tonnes, 2m more than last year.

This compares with a harvest of 99.9m tonnes in 1976 and 93.1m in 1977.

'Satisfactory' year for Danish fishermen

BY HILARY BARNES

COPENHAGEN — The Danish fishing industry has enjoyed a reasonably satisfactory year in 1978, according to a statement by Mr. Svend Jakobsen, the fisheries Minister.

He said that forecasts to the effect that 1978 would be disastrous for Danish fishermen have been put to shame.

He said that the quantity of fish caught in the first nine months of the year was down by a mere 1.5 per cent compared with the same period in 1977, when the catch totalled 1.4m tonnes.

The catch of fish for industrial processing was unchanged while there was a small decline in landings of table fish. In terms of value, the table fish catch increased by 7 per cent and the industrial fish catch by 10 per cent, compared with last year.

While there was a small decline in the catch of cod and haddock this was balanced by a slight increase in the catch of mackerel while for industrial fish a fall in the catch of Norway pout was offset by a larger sandeel catch.

Mr. Jakobsen said that he understood the irritation among fishermen at the failure to agree on a common EEC policy, but he said that EEC membership was nevertheless a condition for securing a future for the Danish fishing industry.

Mr. Laurids Toerness, chairman of the Danish fishermen's association, said in a new year statement that the continued uncertainty with regard to the EEC fisheries policy was making it impossible for Danish fishermen to plan ahead or invest for the future.

U.S. AGRICULTURE

High prices cheer peanut growers

BY ALAN JENKS

ATLANTA—The U.S. peanut crop for 1978, aided by a better than expected harvest in Georgia, may well turn out to be a record.

The big crop, combined with rising overseas demand for American peanuts, has made 1978 "the best for peanut farmers in years," said Mr. J. Tyron Spearman, co-ordinator of the Georgia Peanut Commission.

Georgia accounts for more than 40 per cent of the U.S. crop and all-but-complete statistics from the Georgia Crop Reporting Service put the State's harvest at 857,600 tons, up nearly 15 per cent from 1977 when exceptionally dry weather had a major impact.

Mr. H. E. "Andy" Anderson, who heads the peanut division of the Gold Kist farm co-operative group, said the near record yield in Georgia "surprised everyone."

Many thought drought conditions through much of this year would cut the crop as in 1977, "but a couple of late rains at just the right time and perfect harvesting weather saved the day," said Mr. Anderson.

Due to later harvesting in the Texas-Oklahoma area, final U.S. Department of Agriculture figures on the 1978 harvest will not be released until mid-January. However, provisional estimates show a 1978 crop of 1,989,800 tons, or about 50,000 tons above the previous record harvest of 1,928,600 tons set in 1975.

Mr. Frasier Galloway, of the Georgia Crop Reporting Service, said one reason why this year's dry weather didn't have so great an impact was the increasing amount of irrigation being used by peanut farmers. He estimates that 35 to 40 per cent of the more than 500,000 acres of peanut land in Georgia is now irrigated.

Mr. Galloway also said the 1978 outlook was never as bad as some believed. "The way these poor-mouthing farmers talk you would think we had lost the crop at least three times this year."

Under the Government's "quota support rate" system, U.S. peanut farmers receive a guaranteed price of $420 per ton for about 75 per cent of their acreage which is allocated for domestic consumption. The floor price for export markets is $250 a ton, but farmers have been getting more than this because of good overseas demand for peanuts.

Although there isn't any specific world price for peanuts due to different grades and qualities, Mr. Frank McGill, a peanut specialist at the University of Georgia, said that world prices have been running at about 90 per cent of the $420-per-ton domestic level.

Competition

Mr. McGill and other peanut experts say the main reason for the strong foreign demand for American peanuts has been the failure of India, the world's largest grower, to do any exporting in 1978.

The U.S. also faced little competition in 1978 on world markets from African countries such as Nigeria and South Africa, which in the past have been considerable exporters.

Although the Indian peanut harvest for the current season hasn't yet been completed, the amount the New Delhi Government allows its farmers to export in 1979 will be the key to foreign demand for American peanuts.

India can produce as many as 8m tons of peanuts in a year—four times the U.S. crop. But it is generally expected that India will limit its exports in 1979 to 50,000 tons or less, said Mr. Anderson of Gold Kist, which is the largest marketer of peanuts in the U.S. (Gold Kist has also managed the Carter peanut warehouse business in Plains, Ga., since President Carter took office early in 1977.)

In the fiscal year ended July 31, 1978, American peanut exports totalled 511,000 tons, up more than two thirds from a year earlier and this rise in exports has continued through to the end of 1978.

The largest importer of American peanuts is Britain which bought 67,750 tons in the 12 months to July 31. The reason for the high British demand, according to Georgia marketing experts, is the decision of Rowntree-Mackintosh to promote the eating of peanut butter in the UK.

Mr. Spearman, of the Georgia Peanut Commission, said the success of the American peanut abroad is due to the better quality of the U.S. product, better control over disease and more reliable delivery.

However, good worldwide demand for peanuts is almost certain to result in increased competition for American farmers. "We cannot expect to go unchallenged on international markets if peanut prices stay the way they are now," said Mr. Anderson.

In the hope of retaining and expanding their overseas markets, American peanut growers are organising their first export promotion programme.

Mr. Spearman said more than $300,000 will be spent in 1979, with trade missions travelling to the Soviet Union, Italy, Spain, France and Japan. "If everything goes right, we may be selling *peanut* butter in a tube in Sweden by the end of next year," said the Georgia Peanut Commission coordinator.

Lead at new record price

By Our Commodities Staff

CASH LEAD reached a new record price on the London Metal Exchange yesterday, gaining £5 a tonne to close at £447. Dealers said the "very firm" undertone to the market was unaffected by currency fluctuations.

Main influence continued to be the losses of production at the Stolberg refinery of *Metallgesellschaft* which has been closed by a fire.

A spokesman for the company could not say how much output would be lost, commenting only that the works would be completely closed until mid-January.

Three months lead rose £3.125 a tonne to £412.75.

Copper prices remained virtually unchanged, the market ignoring currency movements and even U.S. producer price increases. Asarco raised domestic prices for electrolytic metal by 0.5 cents a pound. Pennzoil's subsidiary Duval put prices up 1 cent.

The tin market was firmer and prices rose, assisted by the decline of sterling against other currencies

Record tea crop expected in India

BY K. K. SHARMA

NEW DELHI — Tea production in India is expected to rise to 575m kilograms in 1979-80 from the record level of 560m kilos expected in the current financial year.

The expectation is based on plans formulated by representatives of the tea industry and the national planning commission which hopes production will increase to 700 kilos within five years.

Production in the current year is expected to rise despite the shaky beginning owing to heavy rain in north and north-east India. Production in the north is now virtually over.

The Indian Government is now considering a number of incentives for the tea industry following discussions with its representatives who have demanded higher subsidies for replantation and extension of acreage. Increased production is needed both to meet domestic demand and export needs.

Although the export duty on tea was recently lowered, the Government has fixed an upper limit of 225 kilos for export this year. It is hoped to raise this next year to get better earnings but this will depend on production trends and domestic demand.

Reuter adds from Calcutta that much larger tea exports can be expected next season, Mr. B. K. Goswani, the Indian Tea Board chairman, told the annual general meeting of the Tea Research Association.

However, urgent steps need to be taken if India is to maintain its position in the world tea market, he said.

The whole question of marketing tea is being examined by a Government committee and action can be expected soon, Mr. Goswami said. Despite rising domestic consumption, India intends to try to improve its share of the world market.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Moved quietly on the London Metal Exchange with trading in forward metal held between £785 and £788 throughout the day. The market ignored outside influences like currency movements and price rises among U.S. producers. Activity was mainly confined to book-squaring and a large portion of the tonnage moved was carries. The close on the Kerb was £787. Turnover 24,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	772-.5	-1.75	772.5-3.5	-1.5
3 months	786-.5	.....	787-.5	+.25
Settl'm'nt	772.5	-2	—	......
Cathodes				
Cash	755-6	-3.5	759-60	+.5
3 months	773-4	-2.25	775-.5	+.25
Settl'm'nt	756	-3.5	—	......
U.S. Smt.	—	.....	*72-3	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £773.5, 72, three months £787, 86.5, 87, 87.5, 87, 86.5, 86, 86.5, 86.5. Cathodes cash £757, 56.5, three months £774.5, 74. Kerbs: Wirebars three months £786, 86.5, 86. Afternoon: Wirebars three months £787, 87.5. Cathodes three months £775. Kerbs: Wirebars three months £787.5, 87, 87.5.

TIN—Firm, although forward metal started at £6,758 despite the rise in the East overnight. In the morning the price moved up to £6,790, but activity quickened in the afternoon as buying against physical and stop-loss purchases lifted the price. The rise was assisted by the fall of the pound. The close on the Kerb was £6,900. Turnover 1,260 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6900-5	+77.5	6950-70	+117
3 months	6790-800	+25	6860-75	+77.5
Settlem't	6905	+75	—	......
Standard				
Cash	6880-5	+60	6940-50	+102
3 months	6780-5	+45	6860-5	+100
Settlem't	6885	+60	—	......
Straits E.	‡$1791	+10	—	......
New York	—	......	—	......

Morning: Standard cash £6,880, 90, 80, three months £6,785, 70, 75, 80, 85. High Grade cash £6,900. Kerbs: Standard three months £6,785, 80, 85. Afternoon: Standard cash £6,930, 40, three months £6,790, 95, 6,800, 20, 30, 25, 30, 40, 50. Kerbs: Standard three months £6,850, 55, 60, 70, 80, 90, 6,900.

LEAD—Gained ground in moderate trading although there were no new factors to stimulate the market. After starting at £408-£410, forward metal held during the morning between £411 and £413 and a slightly higher level prevailed in the afternoon. The undertone remained firm and the backwardation widened. The market ignored currency movements and the price closed on the Kerb at £414.25. Turnover 7,800 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	446-7	+12	446-8	+5
3 months	411.5-2	+5	412.5-3	+3.12
Sett'ment	447	+12	—	......
U.S. Spot.	—	......	*36.36	......

Morning: cash £445, 46, three months £413, 12.5, 12, 11, 11.5, 12. Kerbs: three months £412, 11.5, 12, 12.5. Afternoon: three months £413, 14, 13.5, 14, 13.5, 13, 12.5. Kerbs: three months £412.5, 13, 13.5.

ZINC—Steady, influenced mainly by lead, but the market was quiet. Forward metal moved between £354 and £358 during the pre-market and this established the price range for the day. The close on Kerb was £336.5. Turnover 10,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347-.5	+1.5	349-.5	+5.75
3 months	355.5-6	+.5	357-.5	+1
S'ment	347.5	+1.5	—	......
Prim.west	—	......	*33.5-4.5	......

Morning: cash £349, three months £356, 55, 55.5. Kerbs: three months £355.5. Afternoon: cash £349, three months £356, 56.5, 57. Kerbs: three months £357.

ALUMINIUM—Easier as forward metal moved from £620 to £618 in the morning. But the price steadied in the afternoon as sterling moved down and closed on the Kerb at £620 after a day's quiet trading. Turnover 4,500 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	......	—	......
3 months	618-9	-3.5	618-9	-2

Morning: three months £619, 18. Kerbs: three months £619. Afternoon: three months £620, 19.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.1p an ounce lower for spot delivery in the London bullion market yesterday at 295.35p. U.S. cent equivalents of the fixing levels were: spot 602.8c, up 3.9c; three-month 616.7c, up 3.6c; six-month 631.3c, up 4.0c; and 12 month 661.8c, up 5.0c. The metal opened at 294.1-295.1p (601½-603c) and closed at 296.1-297.1p (600½-602c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	295.35p	-0.1	296.9p	+0.6
3 months	302.65p	-0.5	304.45p	+0.6
6 months	310.15p	-0.5	—	......
12 months	326.75p	-0.6	—	......

LME—Turnover 118 (81) lots of 10,000 ozs. Morning: Three months 302.9, 03.3, 03. Kerb: Three months 303.2. Afternoon: Three months 304.2, 04.4, 04.5, 04.6, 04.5, 04.3, 04.2, 04.5. Kerb: Three months 304.4, 04.6, 04.5, 04.6, 04.8, 04.9.

COCOA

After a dull morning session, cocoa prices rallied during the afternoon due to further short-covering and fresh Commission House buying reflecting a stronger dollar to close £25-£30 higher on the day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1957.0-60.0	+35.0	1960.0-1920
March	1990.0-91.0	+26.0	1997.0-1960
May	2026.0-28.0	+27.5	2032.0-2005
July	2050.0-50.5	+18.75	2055.0-2012
Sept.	2055.0-59.0	+19.5	2040.0-2020
Dec.	2028.0-34.0	+20.25	2050.0-2015
March	2026.0-32.0	+16.0	2020.0-2010

Sales: 3,741 (3,187) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Dec. 27 178.90 (175.24): indicator price for Dec. 28: 15-day average 178.20 (178.41): 22-day average 180.65 (181.06).

COFFEE

Dealers noted moderate activity in Robusta futures in spite of holiday lethargy and values eased from the previous close in early trading, Drexel Burnham Lambert reported. Trade selling on the close took the market to the day's lows but late buy orders held by one broker held values steady in late trading.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1450-1455	-20.0	1473-1449
March	1305-1307	-13.0	1322-1301
May	1224-1225	-20.0	1248-1221
July	1175-1180	-27.0	1210-1180
September	1145-1150	-30.0	1182-1170
November	1120-1125	-30.0	1150-1140
January	1095-1105	-35.0	......

Sales: 3,248 (2,647) lots of 5 tonnes.

ICO indicator prices for Dec. 27 (U.S. cents per pound): Colombian Mild Arabicas 172.75 (172.50): unwashed Arabicas 143.00 (same); other Mild Arabicas 131.00 (131.50); Robustas ICA 1976 129.50 (same); Robustas ICA 1968 130.50 (same). Daily average 130.25 (130.50).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened up 15p lower on wheat, 20p lower on barley old crops. Wheat values eased slightly initially in very thin volume due to some pressure on the spot position. But buying interest in the distant increased values to close *firm 10/25p higher on lack of sellers.* Barley old crop saw a good trade with *excellent commercial buying interest to* close steady unchanged on January to *15p higher. New crops did not trade* and closed unchanged on barley to 20p lower on wheat, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan.	91.70	+0.10	83.20	......
Mar.	93.85	+0.15	85.70	+0.10
May	96.35	+0.25	88.25	-0.15
Sept.	89.90	-0.20	83.70	......
Nov.	92.75	-0.20	86.55	......

Business done—Wheat: Jan. 91.65-91.55, March 93.85-93.70, May 96.35-96.20, Sept. nil, Nov. nil. Sales, 57. Barley: Jan. 83.15-82.95, March 85.65-85.45, May 88.05-87.95, Sept. nil, Nov. nil. Sales, 133.

HGCA—Location ex farm spot prices. No prices for N Lincoln, Hants and W Sussex.

The UK monetary coefficient for the week beginning Jan. 1 is expected to remain unchanged.

HGCA—Average ex-farm spot prices for week ending December 21. Other milling wheat: East 97.80, E. Midlands 90.00, N.E 92.80, Scotland 95.00, UK 91.70. Feed barley: S.E. 81.00, S.W. 80.90, East 80.80, E. Midlands 80.60, W. Midlands 79.80, N.E. 80.00, N.W. 80.10, Scotland 81.80, UK 80.40. UK forward prices for delivery during Feb.—M. Wheat (bread) 95.40, M. wheat (other) 92.10, Feed wheat 90.40, Malting barley 88.80, Feed barley 81.80, March—M. wheat (bread) 95.70, M. wheat (other) 93.30, Feed wheat 91.30, Malting barley 92.00, Feed barley 84.80.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Dec. 97.00 quoted. U.S. Dark Northern Spring No. 2, 14 per cent, Dec. 89.25, Jan. 90.00, Feb. 90.50, transhipment East Coast. U.S. Hard Winter 13½ per cent, Dec. and Jan. 85.25, Feb. 85.50, transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. French Jan. 107, Feb 108, lower East Coast. S. Africa White Jan. 67.50. S. Africa Yellow Jan. 67.50. Barley: English Feed fob Apr./June 90.50 East Coast.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 22 tonnes, bringing the total for the week so far to 146 tonnes. Users were unwilling to operate freely in the circumstances, and only minor transactions were recorded. Most of the demand was in North and South American growths, although Middle Eastern supplies were occasionally wanted.

RUBBER

QUIET opening on the London physical market. Easier throughout the day closing uncertain. Lewis and Peat reported the Malaysian go-down price was 238¾ (238½) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb.	57.25-57.40	58.00-58.85	57.50-57.25
Mar.	58.00-51.05	58.85-58.90	58.00
Apr-Jne	59.50-59.60	60.45-60.50	60.00-59.25
Jy-Sept.	61.80-61.85	62.70-62.75	62.50-61.70
Oct-Dec	64.40-64.45	65.05-65.10	65.00-64.00
Jan-Mar	66.50-66.65	67.35-67.40	66.55-66.50
Apr-Jne	68.85-68.90	69.75-69.80	69.10-68.80
Jy-Sept.	71.10-71.25	72.15-72.20	71.15-71.10
Oct-Dec	73.55-73.40	74.50-74.55	73.70-73.35

Sales: 11 (19) lots of 5 tonnes, 341 (154) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56.25p (56.75): Feb. 58p (58.75): March 58.75p (59.5).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	124.50-24.6	-0.30	24.70-24.00
April	122.30-22.6	-0.75	23.20-21.80
June	120.80-20.8	-1.50	20.80-20.50
August	121.20-22.5	-1.65	—
October	121.50-24.0	-0.75	—
December	121.50-26.0	-0.50	—
February	120.00-27.5	-0.75	—

Sales: 101 (60) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £94.00 (£97.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £94.00 (£96.50).

Opening prices were slightly below kerb levels but later drifted with further losses of around 50 points *being recorded. Later, however, higher* overseas quotations stimulated arbitrage buying and all the losses were recovered, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	106.55-06.60	104.65-04.75	06.00-02.75
May	106.80-06.90	107.00-07.05	07.00-05.00
Aug.	109.80-09.85	110.75-10.85	10.50-09.50
Oct.	112.80-12.85	114.00-14.25	14.00-12.60
Dec.	115.50-15.55	116.50-17.50	15.50-15.00
March	118.25-18.75	119.50-21.50	19.75-19.25
May	121.00-25.00	121.50-24.00	—

Sales: 2,467 (2,060) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £167.50 (£172.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 27: Daily 7.95 (8.01); 15-day average 8.07 (8.06).

WHITE SUGAR — Close (in order buyer, seller, business, sales). Feb. 92.25, 93.00, 93.00-92.75, 36; April 97.50, 98.00, 97.25, 30; July 103.50, 104.00, 104.50-104.25, 7; Sept. 110.25, 110.50, 110.50-109.50, 98; Nov. 115.75, 116.00, 116.00-115.50, 30; Feb. 122.25, 122.75, 122.50, 71; April 126.00, 128.00, nil, nil. Sales 208.

WOOL FUTURES

LONDON—The market was quiet, reported Bache.

(Pence per kilo)

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
December	—	......	—
March	218.0-25.0	......	—
May	224.0-33.0	......	—
July	231.0-40.0	......	—
October	234.0-40.0	......	—
December	235.0-42.0	......	—
March	236.0-44.0	......	—
May	239.0-50.0	......	—

Sales: 0 (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 351.8, 352.0, 351.0-351.0, 2; May 358.0, 359.0, 358.0-357.5, 7; July 362.0, 362.5, 362.0-361.5, 8; Oct 364.2, 364.5, 364.5-363.5, 6; Dec 368.0, 369.0, 368.0-368.0, 2; March 371.0, 372.0, 371.0-371.0, 4; May 373.0, 374.0, nil, nil. Sales: 29.

NEW ZEALAND CROSSBREDS — Close (in order buyer, seller). Dec. unquoted; March 183.0, 185.0; May 185.0, 186.0; July 187.0, 190.0; October 190.0, 193.0; Dec. 192.0, 197.0; March 193.0, 198.0; May 193.0, 198.0. Sales nil.

BRADFORD—Prices in the wool textile industry have shown no movement because of the holiday period, though there was a certain amount of business about at low prices just before the holiday.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on December 28. GB cattle 72.42p per kg l.w. (+0.78). UK sheep 138.5p per kg. est. d.c.w. (+4.8). GB pigs 66.2p *per kg. l.w. (+5.6). England and* Wales: No number changes due to holiday marketings. Cattle average price 72.62p (+0.90). Sheep average price 138.0p (+3.2). Pig average price 66.2p (+6.6). Scotland: Cattle numbers down 45.6 per cent, average price 71.66p (+0.06). Sheep numbers down 60.2 per cent, average price 129.3p (+7.8).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 56.0 to 60.0; Eire hindquarters 68.0 to 72.0, forequarters 37.0 to 42.0.

Veal: Dutch hinds and ends 96.0 to 100.0.

Lamb: English small 50.0 to 62.0, medium 44.0 to 58.0, heavy 48.0 to 56.0; Scotch medium 50.0 to 56.0, heavy 46.0 to 53.0; Imported frozen: N.Z. PH 46.0 to 47.0, N.Z. YLs 46.0 to 48.0.

Pork: English, under 100 lbs 36.5 to 46.0, 100-120 lbs 36.5 to 45.0, 120-160 lbs 37.0 to 43.0.

Partridges: Young (each) 200.0 to 220.0.

Pheasants: Best (per brace) 300.0 to 320.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Lemons—Italian: 120s new crop 5.50-5.80; Cyprus: Trays 4.00-5.00, boxes 80/180s 4.50-6.50; Californian: Cartons 90/165 6.00-8.00. Oranges: Spania: Navel/Navelines 3.60-4.50; Egyptian: Baladi 2.80-3.20; Greek: Navels 20 kg 3.60-3.80; Israeli: 4.80-5.05. Clementines—Cyprus: 10 kg 3.20-3.60; Moroccan: 3.20-4.20. Satsumas—Spania: Trays 1.80-2.60. Grapefruit—Texas: Red Blush 4.60-4.60; Florida: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60. Apples—French: Stark crimson 40 lb 138/163s 4.40-5.30, 20 lb 84s 1.70-2.00; 72s 2.20-2.40; Golden Delicious 20 lb 72s 1.80-2.20, 84s 1.60-1.80, 40 lb 138/163/175s 3.50-4.0, jumble pack per lb 0.07; Granny Smith 20 lb 72s 1.90-2.20, 84s 1.70-1.90, large boxes 138/150/163 3.60-4.40, jumble pack 55/60 31 lb per lb 0.06-0.07. Bananas—Jamaican: Per lb 0.13-0.14. Grapes—Spanish: Almeria 3.30-3.80, Negri 3.60-3.80; Californian: Red Emperor 20/23 lb 8.00. Avocados: Israeli: 3.30-3.50. Melons: Spanish: Green 5.80-6.00, 15 kg boxes 8/12s 10.00. Onions — *Spanish:* 3.00-4.80; Dutch: 2.00-2.20. Tomatoes—Spanish: 0.50-1.50; Canary: 3.00-4.20. Cucumbers—Canary: 10/16s 2.80-3.20. Capsicums—Canary: 0.25. Dates—Algerian: Per glove box 0.38-0.43; Californian: Tubs 0.30. Lettuce—French: 12s 1.80; Dutch 24s 3.60. Walnuts—Californian: Per pound 0.40; Chinese: 0.30-0.31. Brazils—Per pound LWM 0.42-0.44, Tocantins 0.36-0.37. Almonds—Spanish: Semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kg 4.50-6.50; Spanish: 5 kg 2.50-4.00, 10 kg 4.40-5.80; Portuguese: 5.00-5.50. Filberts — Italian: Per pound 0.30-0.31. Pecan Nuts — Californian: Per pound 0.60. Potatoes—Italian: Boxes 20 lb 3.80. Peaches—S. African: 23/28s 2.20-3.00. Apricots—S. African: Per pound 0.55-0.60. Celery—Spanish: 15/30s 5.50-6.50; French: 5.00-5.50.

English produce: Potatoes—Per 25 kg 1.40-1.80. Lettuce—Per 12 round 1.70-1.80. Mushrooms—Per pound 0.30-0.40. Apples—Per pound Bramley 0.08-0.12; Cox's Orange Pippin 0.05-0.13; Worcester Pearmain 0.04-0.06; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.10-0.16, Comice 0.14-0.18. Cabbages—Per crate 1.00-1.20. Celery—Crates 14/18s 1.50-1.80. Cauliflowers—Per 12s Kent 4.00-4.50. Beetroot—Per 28 lb 0.70-0.80. Carrots—Per 28 lb 0.80-1.00. Capsicums—Per pound 0.20. Onions—Per bag 1.80-2.20. Swedes—Per 28 lb 0.70-0.80. Turnips—Per 28 lb 1.00. Parsnips—Per 28 lb 1.20-1.40. Sprouts—Per pound 0.06-0.08.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 28 1978	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free market (cif)	$1,200/20	....	$1,150/60
Copper cash W Bar	£773	-1.5	£757.5
3 months do. do.	£787.25	+0.25	£775.25
Cash Cathode	£759.5	+0.5	£746
3 months do. do.	£775.25	+0.25	£764
Gold Troy oz.	$221.625	-1	$196.5
Lead cash	£447	+5	£438.5
3 months	£412.75	+3.125	£407.75
Nickel			
Free Market (cif)(lb)	$1.63	....	$1.68
	1.76	-.005	1.82
Platinum troy oz.	£156	....	£156
Free Market	£172.8	+0.95	£164.35
Quicksilver	$160/170	+10.5	$140/46
Silver troy oz.	295.35p	-0.1	303p
3 months	302.65p	-0.5	310.8p
Tin cash	£6,945	+102.5	£7,610
3 months	£6,862.5	+100	£7,486
Tungsten (z)	$145.56	....	$141.86
Wolfram 22.04 cif	$134/140	....	$138/43
Zinc cash	£349.25	+0.75	£347.75
3 months	£357.25	+1.0	£359.5
Producers	$720	....	$720
Oils			
Coconut (Phil)	$910y	-10	$860
Groundnut			
Linseed Crude	£333	-3.0	£333
Palm Malayan	$615t	+5.0	$602
Seeds			
Copra Philip	$625q	....	$560
Soyabean (U.S.)	$285u	-1.0	$277
Grains			
Barley			
Home Future	£85.7	+0.1	£86.8
Maize			
French No. 3 Am	£107	-0.5	£105
Wheat			
No. 1 Red Spring	£97	+0.5	£95.75
No. 2 Hard Winter	£85.25	+0.5	£90.5
English Milling†	£95.5u	....	£94
Other Commodities			
Cocoa Shipment	£2,041	+28.5	£2,184
Future Mar.	£1,990.5	+26.0	£2,143.5
Coffee Future			
Mar.	£1,306	-13.0	£1,490.5
Cotton 'A' Index	78.15c	+0.1	80.6c
Rubber kilo	56.25p	-0.5	59.25p
Sugar (Raw)	£94	-3	£99
Wooltops 64s (kilo)	270p	....	274p

* Nominal. † New crop. ‡ Unquoted. *n* Jan.-March. *p* Dec.-Jan. *q* Jan.-Feb. *t* Feb. *u* Jan. *x* per ton. *z* Indicator

INDICES

FINANCIAL TIMES

Dec. 28	Dec. 27	Month ago	Year ago
257.51	257.34	263.63	236.05

(Base: July 1, 1952=100)

REUTERS

Dec. 28	Dec. 27	Month ago	Year ago
1495.3	1498.8	1516.5	1417.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 28	Dec. 27	Month ago	Year ago
Spot	354.47	382.70	394.43	341.76
Futures	382.67	381.03	395.12	335.54

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 28	Dec. 27	Month ago	Year ago
Spie Commty	977.4	975.4	968.1	889.2

(December 31, 1931=100)

JUTE

JUTE—Steady. Jan./Feb. C and F. Dundee: BWC £266, BWD £254, BTC £268, BTD £255. C and F Antwerp: BWB $570, BWC $539, BWD $523, BTB $568, BTC $541, BTD $525. Jute goods unchanged. Dec./Jan. C and F Dundee: 40 in 10 oz £11.18, 40 in 7.5 oz £8.55, B twills 30.02+.

U.S. Markets

Silver and gold mixed

NEW YORK, Dec. 28.

PRECIOUS metals closed in mixed fashion on moderate trade and Commission House activity following a smaller than expected U.S. balance of payments deficit for November. Copper and sugar eased under the weight of trade arbitrage selling while cocoa rallied following forecast of lower world output, Bache reported.

Cocoa—March 174.90 (173.30), May 176.10 (174.40), July 176.20, Sept. 176.05, Dec. 174.75, March 173.75. Sales: 1,276.

Coffee—"C" *Contract:* March 132.40 (133.18), May 129.00-129.50 (129.50), July 128.75-128.90, Sept. 128.50-128.75, Dec. 127.50-127.75, March 129.50, May 129.00-130.00 asked. Sales: 704.

Copper—Dec. 69.40 (69.55), Feb. 70.15 (70.35), March 70.90, May 72.35, July 73.60, Sept. 74.60, Dec. 75.85, Jan. 76.25, March 77.05, May 77.85, July 78.65, Sept. 79.45.

Cotton—No. 2: March 67.50-67.60 (67.12), May 69.55-69.70 (69.17), July 71.20-71.25, Oct. 66.75-66.90, Dec. 64.75-64.79, March 65.65-65.75, May 66.50-67.00. Sales: 5,050.

*Gold—Jan. 223.10 (222.80), Feb. 225.10 (224.80), March 227.10, April 229.20, June 233.30, Aug. 237.40, Oct. 241.60, Dec. 245.90, Feb. 250.30, April 254.70, June 259.10, Aug. 263.50, Oct. 267.90. Sales: 14,453.

†Lard—Chicago loose not available (23.50). NY prime steam 25.00 nominal.

‡‡Maize—March 232¼-232½ (231½), May 241¼-241½ (240¼), July 247¼-247½, Sept. 249½, Dec. 254-253¾, March 261¼.

§Platinum — Jan. 347.40-348.00 *(348.80), April 352.10-353.50 (354.30),* July 354.70, Oct. 358.60-358.80, Jan. 361.60-361.80, April 364.40-364.60, July 367.20-367.40. Sales: 1,683.

¶Silver—Dec. 603.40 (604.80), Feb. 607.20 (608.60), March 611.00, May 618.40, July 626.80, Sept. 635.20, Dec. 648.50, Jan. 653.20, March 662.60, May 672.20, July 681.80, Sept. 691.50. Handy Harman spot 604.40 (603.50).

Soyabeans—Jan. 678-676½ (683½), March 693-692 (698¼), May 703-702, July 707-708, Aug. 701, Sept. 678½, Nov. 667-667½, Jan. 676.

‖Soyabean Meal—Jan. 189.80-190.00 (189.40), March 190.00-189.80 (189.40), May 189.50-189.20, July 189.80-189.50, Aug. 189.80, Sept. 188.30, Oct. 186.50, Dec. 186.00-186.30, Jan. 186.00-186.30.

Soyabean Oil — Jan. 24.60-24.70 (25.08), March 24.85-24.76 (25.22), May 24.72-24.80, July 24.80-24.75, Aug. 24.70-24.75, Sept. 24.10, Oct. 23.90, Dec. 23.80-23.60, Jan. 23.45-23.60, March 23.35-23.56.

Sugar—No. 11: Jan. 7.75-7.90 (7.83), March 8.32-8.34 (8.33), May 8.55, July 8.78, Sept. 8.90-9.01, Oct. 9.12, Jan. 9.55-9.56, March 9.76-9.78, May 9.94-10.00. Sales: 4,475.

Tin — 660.00-662.00 nom. (646.00-651.00 nom). Spot 660.00-662.00, asked (646.00-651.00).

**Wheat—March 344½-344¾ (342½), May 335½-335¼ (332¾), July 322¾-323, Sept. 328, Dec. 339.

WINNIPEG, Dec. 28. ††Rye—Dec. 91.80 bid (91.60 asked), May 97.70 bid (97.50 asked), July 99.50 nom, Oct. 102.00 nom.

††Barley—Dec. 74.20 bid (74.20 bid), March 76.10 bid (75.90 bid), May 76.90 asked, July 77.30 asked, Oct. 77.60 asked.

§§Flaxseed—Dec. 272.00 bid (271.00 bid), May 283.50 bid (281.50 bid), July 281.50 bid, Oct. 280.50 bid.

Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 187.05 (186.70).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New B contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

Oil possibilities cast shadow over equity markets

30-share index loses 5.3 to 472.9—Gilts react and rally

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Oil was the key factor in stock markets yesterday. The renewed threat of a tanker drivers' stoppage following the decision by some Esso drivers to strike early in January cast lengthening *shadows over equities, while the* deepening crisis in Iran, which has ceased to export oil, was another major unsettling influence.

Awaiting further developments on both fronts and with business still restricted by seasonal considerations, it needed only a light weight of selling to depress sentiment in leading industrials. Dealers' offers of stock to broking sources were often rejected, many of the latter being either more interested in financial end-year balancing or suffering the effects of the extended holiday by clients.

An initial mark down in the leaders went virtually unchallenged and the subsequent reluctance of potential buyers led to talk about the movement developing into the major setback some analysts have been forecasting. The FT Industrial Ordinary share index charted the course of events by register*ing a loss of 3.1 at 10 am and* a closing fall of 5.3 at 472.9.

The Iran situation together with latest weakness in the dollar aroused worries of yet a further hike in U.S. interest rates and ensuing unsettled conditions in short-dated Gilt-edged securities. Investment funds were initially very scarce but as soon as the early selling waned, they began to emerge and shortly after noon a recovery developed.

Further progress was made *later and the early losses, which* had ranged to ½, were either reduced or erased completely after the official close of business. Trade at the longer end of the market was almost at a standstill but a selective interest, usually *from surtax* payers, was shown for the low-coupon **Funding** 5½ per cent 1982-84 which rose ½ to 81½. A few other medium life issues improved in sympathy. Corporations were untested.

Largely due to some institutional year-end clearing-up operations, more interest was shown in the investment currency market yesterday. The premium, after moving between 83¼ and 82¼ per cent, closed unaltered at 83 per cent. Yesterday's S.E. conversion factor was 0.7000 (0.6991).

Traded Options remained quiet with half the 232 contracts being done in **ICI** and *only 24* of the 186 positions attracted any business.

Insurance brokers dull

Insurance brokers made a dull showing on fresh concern about the sector's overseas earnings in light of the weakening dollar. **C. E. Heath** relinquished 7 to 233p and **Minet** 4 to 170p. Down 6 the previous day following *news that* the bid discussions with an unnamed suitor have been terminated, **Brentnall Beard** lost 2 more at 32p. Apart from an improvement of 5 to 186p in **London United**, Composites drifted lower. **Sun Alliance**, 504p, and *General Accident*, 206p, cheapened 8 and 6 respectively, while **Royals** gave up 5 to 360p and **GRE** 4 to 216p.

Home banks turned easier with **NatWest** closing 5 off at 283p. **ANZ**, however, rose 10 to 337p among overseas issues.

Among the drinks sector, most issues drifted lower in an extremely slack trade. **Arthur Guinness** cheapened 3 to 166p, while similar falls were recorded in **Highland Distilleries**, 77p, and *Distillers*, 201p. *Still depressed* by fading bid hopes, **Matthew Clark** closed 2 lower at 140p.

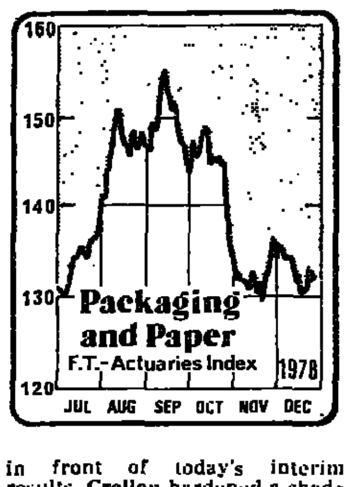
Housebuilders **A. Monk** again displayed weakness in the Building sector, dropping 6 to a low for the year of 73p for a fall of *24 since the recently-announced* interim results and the chairman's bearish statement about current trading. Although hardly tested, Contracting and Construc*tion issues presented a generally* dull picture. In contrast, **Wilson** *(Connolly) found a little support* and added a couple of pence to 125p, as did **Y. J. Lovell**, to 113p, the latter following favourable Press comment. Elsewhere, **Vectis Stone** moved up 2p to a 1978 peak of 41p in response to *the annual results and proposed* 100 per cent scrip issue.

ICI drifted lower from the outset and closed 3 cheaper at 364p. Among other Chemicals, **Farm Feed** added a penny for a two-day rise of 6 at 68p and, in a thin market, **William Ransom** advanced 5 to a high for the year of 305p.

GEC react

Leading Stores gave ground on small selling and lack of support. **Gussies A** lost 4 to 308p and **British Home** declined 3 to 187p as did **Combined English**, to 106p. Secondary issues displayed an irregular tendency: **Wallis** cheapened 4 to 76p but **H Samuel A** added that much to 182p and **Time Products** appreciated 5 to 192p. Details of the increased interim loss had no apparent effect on **B. Paradise**, unaltered at 20p.

Scattered offerings and the virtual absence of support made for dullness in the Electrical leaders where **GEC** closed around the day's lowest with a fall of 6 at 323p. **EMI** eased to 136p before recovering to close only a net penny cheaper at 138p. Secondary issues also had an easier bias. **Berec** gave up 4 to 130p and **Electronic Rentals**, a firm market of late, ran back *a few pence to 152p*. **BSR**, *down* a penny at 84p, failed to benefit from news of the £4m. U.S. audio acquisition. Electronic issues to ease a shade further included **Racal**, 3 down at 345p, and **AB Electronic**, 2 off at 158p. Against the trend, **H. Wigfall** continued firmly and put on 4 to 249p, while in front of today's interim results, **Crellon** hardened a shade to 13.



Engineering leaders were vulnerable to light offerings. **John Brown** reacted afresh to close 10 cheaper at 368p, while losses of 4 were marked against **Hawker**, 222p, **Tubes**, 376p, and **Vickers**, 190p. Elsewhere, **Baker** *Perkins*, a recent speculative **Perkins**, a recent speculative account profit-taking and reacted 6 to 144p. Occasional selling left **Babcock and Wilcox** 4 cheaper at 148p and **Staveley** 3 lower at 271p, while **Drake and Scull** gave up 2 to 32p in smaller-priced issues. Among the few firm spots, **Tex Abrasives** put on 2 to 54p.

With stock on offer, Foods displayed modest falls. **Tate and Lyle** slipped 3 to 185p and **Rowntree Mackintosh** 5 to 390p, while **Unigate** shed 2 to 74p and **Spillers** ½ to 30½p. In Supermarkets, **Tesco** eased a penny to 53½p and **Associated Dairies** a couple of pence to 202p. Occasional firm spots included **Lockwoods** and **W. J. Pyke**, both 2 better at 104p and 67p respectively. Still buoyed by the recent annual results, **Carrs Milling** *added 2 to a 1978 peak of 70p.*

In quietly dull Hotels and Caterers, **Ladbroke** came on offer and relinquished 4 to 177p and **Trust Houses Forte** eased 3 to 255p. In contrast, Press comment highlighting the company's bid prospects prompted a gain of 4 to 186p in **De Vere Hotels**.

Turner & Newall down

End-account considerations together with the *worsening* Iranian situation and the threat of a tanker drivers' strike made for a dull day in miscellaneous Industrial leaders. Persistent small selling in an unwilling market saw **Turner and Newall** *close 6 off at a 1978 low of 157p*, while **Glaxo** also closed at the year's lowest of **505p**, down another 5 on further consideration of a leading broker's bearish circular. **Pilkington** came on offer at 293p, down 10, while **Unilever** lost 6 to 532p and **Metal Box** 4 to 298p. **Beecham** touched 615p initially but rallied to close a net 2 dearer on balance at 625p. Elewhere, reflecting the increased stake taken in the group by Racal Electronics, **Extel** *improved 4 to 130p, while* small speculative interest helped **Aeronautical and General Instruments** improve 3 to 102p. **Kennedy Smale** found support at 44p, up 5, while **Provincial Laundries** 12 per cent Convertible. **1986-88** *rose 8 points to* £165. By way of contrast, **Sotheby's** declined 4 at 348p, after 340p, and **Beatson Clark** also gave up 4 to 176p.

Saga Holidays put on 5 for a two-day gain of 9 at 182p on *expectations of increased demand* for holiday bookings, but **Horizon Midlands**, despite favourable Press comment, eased a penny to 123p. Elsewhere in the Leisure sector, **Associated** relinquished 2½ to 70½p and **Coral** *a similar amount to 106p.*

Despite the return to profits, **Reliant Motor's** annual statement had no effect on the shares which held at 9¾p. Garages tended easier as fears of a petrol shortage increased, with **Heron** down 2 to 106p.

Not helped by reports of a survey predicting falling circulations, Newspapers finished easier following a quiet session. **Daily Mail A** shed 5 to 353p while **Associated** eased 3 to 167p. Among advertising issues, **Mills and Allen** encountered further profit-taking following recent bid speculation and eased 2 for a two-day fall of 9 at 223p.

Properties attracted a reasonable level of business given general market conditions, but sellers usually predominated and, in consequence, quotations generally finished easier. In the leaders, **MEPC** shed a couple of *pence* to 149p, while **English Property** eased a penny to 37½p. By way of contrast, **British Land** improved ½ to 45p and the 12 per cent Convertible added 5 points to £171. Among smaller-priced issues, recently firm **Regalian** gave up 2 at 21p, but **Westminster** hardened a penny more to 26p, the latter on suggestions of a property revaluation.

Oils unsettled

Continuing fears about the possible repercussions from the Iranian political crisis made for another unsettled day's dealings in Oils. Trading conditions were extremely thing and sensitive, with **British Petroleum**, down 10 at 916p, particularly vulnerable to the occasional selling order. **Shell** gave up 8 to 565p, while **Oil Exploration**, 216p, and **Siebens (UK)**, 256p, fell 6 and 10 respectively in the more speculative issues. News of the reduction in its share of the Ninian oil field in the North Sea left **Lasmo** down 6 more at 128p and the **OPS** 25 lower at 385p.

S. Hoffnung reported a 42 per cent drop in first-half taxable profits and, although the interim payment was maintained and the company expects full-year results much the same as the previous year, the shares reacted 4 to a 1978 low of 64p. Elsewhere among Overseas Traders, **Gill and Duffus** tended dull on end-of-account selling and gave up 7 at 146p.

Little of interest occurred in the Trust sector where the majority of movements were limited to a few pence either way.

Shipping took a distinct turn for the worse. **Common Bros.**, a recent speculative favourite, ran back 7 to 183p, while **Furness Withy**, 236p, and **Reardon Smith**, 73p, fell 4 apiece. **P. & O.** Deferred, down 2 at 83p, were not helped by a Press report that the company is believed to have raised £4m by the sale of three of its older cargo ships.

Sparse dealings in Textiles saw most issues barely altered from overnight levels. **Courtaulds** *lost 2 to 116p along with the* market trend. Recently firm on bid hopes, **David Dixon** met small profit-taking and shed 3 to 111p.

Golds steady

South African Golds shrugged off initial uncertainty arising from New York selling overnight and concern about the impact of an oil shortage in South Africa. Prices rallied although they closed below the best as the bullion price sagged in the afternoon.

The Gold Mines Index was 0.7 higher at 143.2, while the ex-premium index rose 0.6 to 100.2. The bullion price finished $1.00 lower at $221.625 an ounce.

Trading was at a low ebb, however, and prices were supported by the steadiness of the investment dollar premium *and the securities rand rate.* Among the shares to hold gains were **West Driefontein**, ¾ harder at £23, and **Vaal Reefs**, ¼ better at £13¼.

The general tone among South African Financials was steady with **De Beers** prominent, after demand from the U.S. overnight and early buying from Johannesburg, and finally 4 up at 382p, after touching 386p at one stage.

London Financials were dominated by **Consolidated Gold Fields**, which featured in the day's list of active stocks. The shares rose 2 to 178p in the morning and then remained untested despite the fall in the bullion price.

Rio Tinto-Zinc turned easier because of the strike at the Rossing uranium mine, but came off the bottom on news of a return to work to finish 2 easier at 226p. **Charter** at 131p and **Selection Trust** at 444p tended to drift.

Tins were firm, reflecting the level of prices in the Far East overnight. Small buying in a thin market took **Ayer Hitam** 20 higher to 330p, while **Berjuntai**, **Malayan** and **South Malayan** moved up in sympathy.

Coppers and Rhodesians were untested but there were rises among Irish-Canadians, especially in **Anglo-United**, which gained 34 to 230p, as London prices were adjusted in line with a rise *in Canada overnight.*

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	5	5	68
Corpns. Dom. and Foreign Bonds	0	7	54
Industrials	135	431	962
Financial and Prop.	50	110	352
Oils	2	16	19
Plantation	2	4	28
Mines	56	16	68
Recent Issues	3	10	18
Totals	253	599	1,567

FINANCIAL TIMES STOCK INDICES

—	Dec. 28	Dec. 27	Dec. 22	Dec. 21	Dec. 20	Dec. 19	A year ago
Government Secs.	68.66	68.66	68.67	68.55	68.49	68.60	77.93
Fixed Interest	70.22	70.22	70.37	70.51	70.33	70.09	80.60
Industrial	472.9	478.2	479.3	478.2	478.2	476.1	490.6
Gold Mines	143.2	142.5	141.1	139.2	141.4	140.2	139.6
Gold Mines(Ex-$ pm)	100.2	99.6	99.8	99.2	101.0	101.2	102.7
Ord. Div. Yield	6.10	6.03	6.02	6.03	6.02	6.05	5.45
Earnings Y'ld % (full)	16.00	15.82	15.79	15.83	15.92	15.99	16.57
P/E Ratio (net) (*)	8.12	8.21	8.23	8.21	8.15	8.12	8.56
Dealings marked	2,445	1,674	1,793	3,363	3,080	3,403	3,563
Equity turnover £m.	—	16.80	27.28	49.84	51.98	60.51	65.98
Equity bargains total	—	5,037	6,039	9,597	10,328	12,385	12,148

10 am 475.1. 11 am 473.4. Noon 473.4. 1 pm 472.9. 2 pm 472.9. 3 pm 473.0.
Latest Index 01-236 8026.
* Nil=7.88.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. Index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.35 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8)	90.3 (12/4)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Dec. 28	Dec. 27
—Daily		
Gilt Edged	102.3	76.0
Industrials	80.9	55.1
Speculative	18.9	12.2
Totals	55.7	38.1
5-d'y Av'r'ge		
Gilt Edged	90.1	92.7
Industrials	84.3	91.0
Speculative	19.2	21.6
Totals	58.3	60.7

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	22	565	−8	602	484
BP	£1	9	916	−10	954	720
Metal Box 'New'	Nil/pd.	9	48pm	−4	70pm	48pm
GEC	25p	7	323	−6	349	233
Grand Met.	50p	6	113	−1	121	87
ICI	£1	6	364	−3	421	328
Turner & Newall	£1	6	157	−6	209	157
Ultramar	25p	6	220	−6	284	182
Allied Breweries	25p	5	83	—	94	78
Beecham	25p	5	625	+2	726	581
Cons. Gold Flds	25p	5	178	+1	204	163
Marks & Spencr	25p	5	83	−1	94	67½
Mills Allen Intl.	50p	5	223	−2	235	110
Trafalgar House	20p	5	120	−1	167	111
Trust Hse Forte	25p	5	225	−4	262	166

OPTIONS

For rate indications see end of Share Information Service

Money was given for the call in Avana, John Brown, Bank and Commercial, Associated Fisheries, Talbex, Ladbroke Warrants, Carless Capel, Tricentrol, Maurice James and British Land. No puts were reported but *doubles* were arranged in Carrington Viyella, Avana, FNFC 9¼ per cent 1992-97 and British Land.

NEW HIGHS AND LOWS FOR 1978

NEW HIGHS (20)

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

BUILDINGS (1)
Vectis Stone
CHEMICALS (1)
Ransom (Wm.)
STORES (2)
Ramar Textiles; Rosgill
ELECTRICALS (1)
Sound Diffusion
ENGINEERING (1)
Crown House
FOODS (1)
Carr's Milling
INDUSTRIALS (7)
Christies Intnl.; Do. 12pc Con. 86-88; Grimshawe; Restmor; Provincial Laundries; Third Mile Inv.; James (M.)
PROPERTY (1)
County & District
TEXTILES (2)
Toray; Textured Jersey
TRUSTS (2)
Kellock; Kellock Conv. Ln.
MINES (1)
Stilfontein

NEW LOWS (12)

FOREIGN BONDS (1)
Ireland 9¾pc 91-96
CANADIANS (1)
Can. Pacific 4pcDb.
BUILDINGS (1)
Monk (A.)
CHEMICALS (1)
Coalite & Chemical
ENGINEERING (1)
Brit. Northrop
FOODS (1)
Assoc. Fisheries
INDUSTRIALS (3)
Glaxo; Turner & Newall; Monsanto 5pc 82-86
MOTORS (2)
Woodhead (J.); Arlington Motor
OVERSEAS TRADERS (1)
Hoffnung (S.)

B. Paradise mid-way loss up £9,000

For the six months to July 31, 1978, **B. Paradise**, the clothing concern, reports an increased pre-tax loss of £48,000, compared *with £39,000, on turnover lower* at £1.11m against £1.34m.

Mr. G. Paradise, the chairman, says that as forewarned last June, first-half results were hit by adverse effects resulting from some major customers delaying placing of orders in the light of circumstances then present.

The delay in home sales was also greatly influenced by unseasonably warm weather which continued into November, *and has affected sales in the* second six months.

The directors have, however, taken steps to reduce unprofitable lines and now look forward to 1979 for which there are signs that trading prospects should be more favourable, he states.

For the year ended January, 1978, the company achieved a £10,000 taxable profit, on sales of £3.74m.

Stated first-half loss per 10p share stood at 3.8p compared with 3.1p. No interim dividend is payable—the last payment was a 1.05p net interim in respect of 1976-77.

Cementation (Africa) holds profit level

Despite static turnover and tight trading conditions in the engineering industry, *Cementation Company (Africa), reports* a profit improvement in the year to September 30.

On marginally lower turnover of R49.6m (R49.8m), pre-tax profit increased from R3.56m to *R3.78m, which came in a year* characterised by the need for short-term planning resulting from generally slack demand.

This 50 per cent-owned mining contracting subsidiary of *Trollope and Colls and Trafalgar* House cut its contribution to earnings from R450,000 to R325,000. There were less diamond drilling and shaft sinking contracts on offer and generally tighter margins. For the current year, *the order book* is longer and increased profitability expected.

However, on the engineering side, short-term prospects appear to be less bright. Last year's results were achieved with completion of significant export orders and maintenance of export levels is increasingly doubtful.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	34	3	67	—	89	—	917p
BP	950	8	—	38	—	58	5	"
Com Union	160	1	—	4	5	7	—	148p
Cons Gold	160	20	—	29	5	29	—	177p
Courtaulds	120	3	1	8½	—	10½	—	116p
GEC	280	46	6	56	—	—	—	325p
GEC	300	27	5	41	—	54	—	"
Grand Met.	100	13½	—	17½	7	22	—	113p
Grand Met.	110	4½	35	9½	—	13	—	"
Grand Met.	120	1	—	5	1	7½	—	"
ICI	360	12½	20	19	—	33	—	363p
ICI	390	2	47	8½	35	18	—	"
ICI	420	½	—	3	11	9	—	"
Marks & Sp.	90	1	3	4½	1	8	—	83p
Shell	550	18	1	39	—	50	—	566p
Shell	600	2½	—	12	23	25	—	"
Totals			121		88		5	
		February		May		August		
BOC Intl.	70	1½	—	4	—	5	2	66p
BOC Intl.	80	½	—	1	2	—	—	"
Boots	200	3½	12	10	—	15	—	186p
EMI	160	1	—	4½	2	9	—	138p
Totals			12		4		2	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
42½	F.P.	24/11	48	43	Arncliffe Hldgs	43	.....	u2.55	2.4	4.7	6.9
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	74	+2	—	—	—	—
A$125	F.P.	—	106	100	‡‡Aust. Farming A$1	105	+2	—	—	—	—
155	F.P.	10/1	176	171	HarrisQueensw'y 20p	172	−1	t7.8	3.1	6.8	7.2
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	.....	t1.34	3.4	6.9	4.8
110	F.P.	—	135	115	Mill'ttsL's'reShps20p	131	−3	bu5.7	1.8	6.5	12.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
**	F.P.	16/2	109p	109p	Assoc. Dairies 9¼% Pref.	109p	.....
*	£10	26/1	13	11¾	Colne Valley Water 8% Red Prf. 1983	13	.....
‡100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf	99p	.....
‡100p	Nil	5/1	6pm	2pm	Hawley Goodall 12% Cnv. Uns. Ln. '86-88	6pm	.....
£1	F.P.	22/12	99p	97p	Newman Inds. 10¼% Acc. Pref.	97p	−1
*	£10	—	13½	13	Mid Kent Water 8% Pref. 1984	13¼	.....
?	Nil	11/1	1½pm	½pm	Rivington Reed 9½% Cnv.Cum.Red.Pref.	1pm	−½
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref	99p	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing price p:	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	627	−3
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	.....
67	F.P.	29/12	5/1	77	71	Capper-Neill	71	−1
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	122	.....
193	F.P.	15/12	12/1	116	101	Dixon (D.)	112	−4
45	Nil	3/1	9/2	5pm	3pm	Foster (John)	5pm	.....
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	143	.....
210	Nil	5/1	9/2	38pm	32pm	Lep Group	38pm	+4
125	F.P.	15/12	12/1	161	150	M. L. Holdings	155	.....
250	Nil	3/1	9/2	70pm	48pm	Metal Box	48pm	−4
55	Nil	5/1	26/1	13pm	12pm	Milbury	12pm	.....
185	F.P.	18/12	10/1	230	210	Stothert & Pitt	223	−2
63	F.P.	18/12	15/1	76	67	Tern Consulate	69	−2
228	Nil	10/1	9/2	8pm	6pm	York Fine Woollen	6pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. u Assumed dividend and yield. u Forecast dividend, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. u Gross. ? Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking *only for restricted dividends.* § Placing price to public. p† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ⊏ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Dec. 28, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Dec. 27 Index No.	Fri., Dec. 22 Index No.	Thurs., Dec. 21 Index No.	Wed., Dec. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	232.08	−1.2	17.22	5.60	7.95	234.82	234.88	234.41	234.42	218.35
2	Building Materials (27)	204.35	−1.2	18.37	6.32	7.49	206.80	206.89	206.09	205.53	193.18
3	Contracting, Construction (28)	358.58	−1.2	21.06	4.52	6.82	362.77	363.42	362.04	361.71	343.25
4	Electricals (15)	541.92	−1.5	13.83	3.50	9.95	549.94	550.11	550.14	549.66	460.59
5	Engineering Contractors (14)	354.51	−1.0	18.39	6.08	7.40	357.92	358.93	358.51	360.61	300.79
6	Mechanical Engineering (72)	182.01	−1.0	18.52	6.16	7.20	183.81	183.71	183.16	183.33	162.25
8	Metals and Metal Forming (16)	160.43	−1.0	17.03	8.91	8.16	162.06	161.92	161.82	162.13	161.15
11	CONSUMER GOODS (DURABLE) (53)	209.06	−0.8	16.85	5.16	7.91	210.71	210.57	209.84	209.68	194.69
12	Lt. Electronics, Radio, TV (16)	265.01	−0.9	14.06	3.94	9.97	267.34	266.49	265.43	264.55	233.63
13	Household Goods (12)	166.85	+0.2	18.10	6.83	7.58	166.43	166.76	166.76	167.18	181.41
14	Motors and Distributors (25)	120.28	−0.8	21.58	7.00	5.82	121.38	121.69	121.28	121.66	118.54
21	CONSUMER GOODS (NON-DURABLE) (170)	207.54	−0.8	16.44	6.14	8.09	209.18	209.03	208.49	208.88	205.97
22	Breweries (14)	233.25	−0.3	15.73	6.44	8.01	234.04	233.81	232.90	232.05	232.12
23	Wines and Spirits (6)	282.92	−1.4	16.42	5.27	8.94	286.96	285.51	286.76	285.91	256.45
24	Entertainment, Catering (17)	269.29	−1.0	13.77	6.54	10.60	272.06	272.71	271.05	270.62	263.99
25	Food Manufacturing (19)	200.01	−1.0	19.06	5.63	6.96	201.94	202.33	202.02	201.79	202.45
26	Food Retailing (15)	228.00	−0.9	14.60	5.16	9.36	230.15	229.00	226.30	225.95	216.49
32	Newspapers, Publishing (12)	369.95	−0.6	21.74	6.56	6.49	372.05	372.08	369.93	371.23	349.94
33	Packaging and Paper (15)	131.43	−1.1	19.39	8.01	6.73	132.89	132.96	132.92	131.51	131.48
34	Stores (40)	190.80	−0.9	12.42	4.99	11.58	192.49	192.37	191.92	193.58	197.87
35	Textiles (23)	178.31	−0.9	18.04	8.39	7.16	179.98	180.18	180.05	179.90	172.87
36	Tobaccos (3)	236.07	—	23.50	7.95	5.03	236.07	235.09	235.09	236.57	228.53
37	Toys and Games (6)	92.28	—	23.92	7.01	4.93	92.28	92.54	92.25	92.25	100.65
41	OTHER GROUPS (99)	194.66	−0.6	15.93	6.39	8.08	195.87	196.31	195.49	195.04	196.87
42	Chemicals (19)	276.77	−0.7	16.09	6.83	8.12	278.67	280.03	277.80	276.55	265.68
43	Pharmaceutical Products (7)	243.76	—	11.38	4.77	10.64	243.75	244.93	243.48	243.48	0.00
44	Office Equipment (6)	128.75	+0.2	18.87	6.00	6.32	128.55	128.94	128.28	128.28	124.61
45	Shipping (10)	405.69	−1.4	14.91	7.49	8.51	411.37	411.02	408.26	407.03	476.42
46	Miscellaneous (57)	209.79	−1.0	18.24	6.85	7.28	211.82	211.48	211.80	211.45	206.30
49	INDUSTRIAL GROUP (494)	217.31	−0.8	16.55	5.99	8.04	219.17	219.22	218.59	218.59	218.75
51	Oils (6)	509.20	−1.2	13.72	3.95	7.93	515.60	518.85	516.78	517.05	488.47
59	500 SHARE INDEX	241.52	−0.9	16.11	5.67	8.02	243.73	244.82	243.28	243.30	233.29
61	FINANCIAL GROUP (100)	168.81	−1.0	—	5.85	—	170.52	170.44	169.35	169.22	173.95
62	Banks (6)	197.89	−0.8	23.81	5.95	6.30	199.57	199.16	197.10	197.16	199.95
63	Discount Houses (10)	212.93	—	—	8.31	—	212.93	210.45	209.71	211.87	224.81
64	Hire Purchase (5)	165.09	−0.6	14.76	5.17	8.94	166.07	165.78	165.78	166.59	168.31
65	Insurance (Life) (10)	133.91	−1.4	—	7.01	—	135.77	136.00	135.40	135.80	141.82
66	Insurance (Composite) (7)	122.65	−1.7	—	7.15	—	124.74	125.82	123.96	123.90	138.31
67	Insurance Brokers (10)	310.12	−1.4	15.42	5.43	9.26	314.48	313.47	313.47	313.19	337.15
68	Merchant Banks (14)	77.37	−0.4	—	6.33	—	77.67	77.71	77.49	77.54	82.78
69	Property (31)	268.89	−0.5	3.78	3.05	44.12	270.20	270.23	269.21	267.71	245.51
70	Miscellaneous (7)	113.88	−0.2	22.21	7.47	5.83	114.16	113.63	113.13	112.77	109.38
71	Investment Trusts (50)	203.80	−0.1	—	5.17	—	204.04	203.48	203.21	202.92	208.98
81	Mining Finance (4)	100.86	−0.6	18.64	7.06	6.61	101.48	101.30	101.53	101.38	89.67
91	Overseas Traders (19)	293.61	−0.8	16.57	7.98	7.57	296.02	295.45	295.09	294.89	281.90
99	ALL-SHARE INDEX (673)	221.39	−0.9	—	5.75	—	223.36	223.58	222.73	222.78	216.43

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Dec. 28	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.92	+0.02	—	9.19
2	5-15 years	110.75	+0.05	—	11.08
3	Over 15 years	115.53	—	—	14.53
4	Irredeemables	122.48	—	—	14.48
5	All stocks	109.27	+0.02	—	11.65

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs., Dec. 28	Wed., Dec. 27	Year ago (approx.)
1	Low Coupons	5 years	9.71	9.73	7.12
2		15 years	11.37	11.38	9.18
3		25 years	12.16	12.15	9.82
4	Medium Coupons	5 years	12.71	12.70	9.36
5		15 years	12.73	12.73	10.27
6		25 years	12.73	12.73	10.43
7	High Coupons	5 years	12.75	12.74	9.82
8		15 years	13.38	13.29	11.23
9		25 years	13.31	13.31	11.34
10	Irredeemables		11.95	11.94	9.90

		Thurs. Dec. 28 Index No.	Thurs. Dec. 28 Yield %	Wed. Dec. 27	Fri. Dec. 22	Thurs. Dec. 21	Wed. Dec. 20	Tues. Dec. 19	Mon. Dec. 18	Fri. Dec. 15	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.81	‡13.53	54.81	54.83	54.83	55.15	55.15	55.13	55.13	69.48
16	Investment Trust Prefs. (15)	51.17	13.70	51.17	51.17	51.17	50.96	50.96	50.96	50.96	56.23
17	Coml. and Indl. Prefs. (20)	72.38	12.91	72.38	72.32	72.42	72.74	72.42	72.42	72.42	76.83

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

هكذا من الأصل

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.4	69.8	-0.3	4.39

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.7	24.4	......	2.12
Accum. Units	26.9	29.0	......	2.12
J. Finlay Income	36.3	39.0	......	8.20
J. Finlay Euro.Fin.	26.7	28.7	......	3.37
Accum. Units	31.6	34.0	......	3.37
J. Finlay Fd.In.Ts.	27.0	29.0	......	4.39
Accum. Units	31.4	33.8	......	4.39

Prices Dec. 27. Next dealing Jan. 3.

Sheffield, S1 3RD.

Commodity & Gen.	65.2	71.2	+0.3	5.64
Do. Accum.	76.9	84.0	+0.3	5.64
Growth	35.6	38.4	-0.4	3.68
Do. Accum.	38.6	41.6	-0.4	3.68
Capital	25.8	27.8	-0.1	4.53
Do. Accum.	28.1	30.3	-0.2	4.53
Income	51.5	55.4	-0.1	7.12
Do. Accum.	60.1	64.7	-0.1	7.12
International	42.1	45.5	-0.4	3.57
Do. Accum.	45.3	48.9	-0.4	3.57
High Yield	62.3	67.1	-0.2	8.69
Do. Accum.	67.0	73.2	-0.3	8.69
Equity Exempt*	105.8	111.6	-0.5	5.66
Do. Accum.*	105.8	111.6	-0.5	5.66
Japan & Pacific	47.1	50.2	......	0.97
Do. Accum.	47.1	50.2	......	0.97

*Prices at Dec. 15. Next dealing Dec. 22.

CORAL INDEX: Close 471-476

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

Javelin Equity Tst. | $A2.32 | 2.44 | ...... | —

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	158.0	168.0	......	—

As at Nov. 30. Next sub. day Dec. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$296.41	......	2.40
Jardine J'pn.Fd.*	HK$413.31	......	0.90
Jardine S.E.A.	HK$16.74	......	2.10
Jardine Flem.Int.	HK$11.80	......	—
Intl.Pac.Secs.(Inc.)	HK$23.64	......	—
Do. (Accum.)	HK$13.78	......	—

NAV Dec. 14. *Equivalent $US83.32
Next sub. day December 29.

Cnv. Int. Dec. 27	$US9.47		+0.05	—
Eng. Int. Dec. 27	$US18.01		-0.14	—
Gr. St. $Fd. Nov. 30	$US7.50		......	—
Merc. Ebd. Dec. 27	$US10.33	10.44	......	0.2452
MercMnyMkt.Dec.27	£10.22	10.23	+0.02	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. Nov. 30	$US13.56	13.90	......	—
CMT Ltd. Nov. 30	£13.67	14.02	......	—
Metals Tst. Nov. 16	£12.73	13.04	......	—
TMT Dec. 14	$US10.39	10.66	......	—
TOMT Ltd. Dec. 14	£10.28	10.55	......	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.09	+0.11	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	22	Antofagasta Rly.	23½	.....	—	—
41	35	Do. 5pc Pref.	39½	.....	—	—
[illegible]	98	Chilean Mixed	98	.....	—	13.10
415	352	German Yng. 4½pc	415	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	17.20
51	45	Do 6pc 28 Stab. Ass.	49	.....	6	16.24
42	40	Do 4pc Mixed Ass.	40	.....	4	15.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude Inv. $ premium

AMERICANS

S.E. List Premium 42⅝% (based on US$2.0280 per £)
Conversion factor 0.7000 (0.6991)

CANADIANS

S.E. List Premium 42⅜% (based on £2.4034 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
255	195	Gillett Bros. £1.	220	.....	15.41	—	10.5	—
29	19	Goode D't Mry 5p	19½	.....	0.13	—	1.0	—
142	96	Grindlays	126	.....	2.79	7.1	3.3	4.5
150	95	Guinness Peat	111	.....	h5.15	—	6.9	—
217	155	Hambros	183	–2	†9.76	—	8.0	—
100	81	Hill Samuel	84	–1	†4.97	—	8.8	—
600	187	Do. Warrants	187	.....	—	—	—	—
360	203	Hong Shng.$2.50	260	+1	hQ59c	—	2.7	—
69	52	Jessel Toynbee	64	.....	g5.65	—	8.5	—
215	150	Joseph (Leo) £1	155	.....	8.74	—	8.4	—
55	37	Keyser Ullmann	46	.....	0.67	—	2.2	—
74	56	King & Shax 20p.	64	.....	3.44	—	8.2	—

Hire Purchase, etc.

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68	35	Barymin	54	......	—	—	—
37	9	Burma Mines 17½p	13½	......	—	—	—
300	165	Cons. Murch. 10c.	165	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	370	......	—	—	—
263	164	R.T.Z.	226	−2	9.5	2.8	6.3
90	30	Sabina Inds. C$1	40	......	—	—	—
£12	687	Tara Expln. $1	725	+13	—	—	—
185	120	Yukon Cons. C$1	170	......	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$11¾	+¼	Q170c	1.8	16.7
$11¾	830c	East Drie R1	$10	+15	†Q78c	1.7	9.0
585c	330c	East Rand Prp. R1	375c	−15	—	—	—
$28⅝	$16½	F.S. Geduld 50c	$19⅝	+⅛	Q315c	ф	18.5
$15⅛	975c	Pres. Brand 50c	$11⅞	+⅛	Q150c	ф	15.2
$13⅞	900c	St. Helena R1	$10¼	......	Q190c	ф	21.4
470c	313c	Stilfontein 50c	470c	+10	†Q22c	2.3	5.4
$18⅝	$16¼	Vaal Reefs 50c	$18⅝	+⅛	Q115c	3.3	7.1
$37	$25	West Drie R1	$32¾	+½	Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$22¾	+¼	Q415c	ф	21.1
$12½	895c	Western Deep R2	$10⅞	+¼	Q82.5c	2.4	8.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- § Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	70	+3
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	197	......
N'thn. Goldsmith	73	−1
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	52	......
Sheff. Refrshmt	67	......
Sindall (Wm.)	118	......

IRISH

Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	378xd	......
Carroll (P.J.)	97	......
Clondalkin	102½	......
Concrete Prods.	130	......
Heiton (Hldgs.)	50	......
Ins. Corp.	168	......
Irish Ropes	105	......
Jacob	50	......
T.M.G.	190	......
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	6
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	38
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday December 29 1978

European steelmakers fear more losses

BY ROY HODSON

THE EEC steel industry fears a new round of losses as prices are not expected to rise sufficiently to cover growing production costs.

The prospect comes as a blow to many European steelmakers who have improved their trading performance in the second half of the year. Some West German and French companies have recently been trading profitably while the big State-owned steelmakers of the Community, British Steel Corporation and Finsider of Italy, have been reducing their losses.

But production costs are once again outstripping sales revenue and the steel companies believe there is little prospect of a general increase in EEC steel prices before March or April.

This position has not been mitigated by the temporary distortion in the European market caused by the West German steel strike and the accompanying lock-outs which are entering their fifth week.

Viscount Etienne Davignon, the EEC Industry Commissioner, is pressing Eurofer—the standing cartel conference of the EEC steelmakers—to act as his policeman by insisting that member companies respect the minimum steel selling prices listed in the Davignon Plan for restructuring the industry.

However, Eurofer has not, so far, proved capable of enforcing price discipline among all its members. A number of Continental European companies are continuing to sell at below the Davignon minima, although his rules are being strictly observed by British steelmakers.

The increase in costs feared by steel companies is substantial in some cases. British Steel, for instance, is facing a 12 per cent pay claim from the Iron and Steel Trades Confederation, the biggest union in the British industry.

Makers of stainless steel had been hoping that brisker demand would enable them to raise prices. Now they are resigned to holding back a round of increases at least until the spring. They complain that the Davignon Plan is doing little or nothing to protect them from an unfavourable market.

Other EEC countries are supplying West German industry with steel in increasing quantities as the effects of the industrial dispute there affect home supplies. The biggest demand is for flat-rolled products for the West German car industry.

Depressed

A prolonged strike in the West German steel industry would have the effect of hardening EEC steel prices towards the levels the producers are seeking. But the steel companies see little joy in that prospect. They say that the troubles of the West German industry can do nothing to rectify the fundamental imbalance now existing in European steelmaking between costs and prices.

While the European steel market remains depressed, steelmakers have no prospect of achieving further economies in production costs. Better productivity will require a bigger throughput of steel at the mills, most of which are working at 70 per cent or less of capacity.

British Steel has made only 17m liquid tonnes of steel in 1978 — its lowest output since nationalisation — and is forecasting an improvement of not more than 200,000 liquid tonnes in 1979.

Japanese steelmakers will continue to restrain steel exports to the EEC in 1979, according to a Tokyo report.

Nippon Steel Corporation, the world's biggest steel company, said in a statement last night that the six major Japanese steel companies have decided to continue self-imposed export controls on steel shipments to the EEC in 1979. Nippon added that the companies were acting in response to an EEC request.

Mr. Eishiro Saito, president of Nippon, and chairman of the International Iron and Steel Institute, has been using his personal influence with the other Japanese steelmakers to give EEC steelmakers the relief from the pressure of imports they so badly need.

The other five Japanese companies agreeing to extend the sales restraint period are Kawasaki, Nippon Kokan, Sumitomo, Kobe and Nisshin.

A year ago the Japanese steelmakers agreed with Viscount Davignon to restrict sales to the EEC to 1.2m tonnes for a period of one year. Actual Japanese exports to the EEC have totalled only 533,000 tonnes since then compared with over 1m tonnes a year earlier.

There had been fears that the Japanese would refuse to extend the restraint agreement.

IG-Metall halting three more plants, Page 2

U.S. trade deficit narrows to $2bn in November

BY DAVID BUCHAN

WASHINGTON — The U.S. trade deficit in November narrowed to below $2bn, while for the same period the index of leading economic indicators, used to gauge future trends, fell for the first time since July.

Administration officials have been forecasting a slowdown in economic growth next year to an annual rate of 2.5 per cent, though the prospect of a recession is repeatedly denied.

The trade deficit for the first 11 months of 1978 now stands at $26.74bn, or above the record $26.5bn deficit for the whole of 1977.

Officials argue that it is too early to establish a direct link between the fall in the trade deficit and the leading indicators index. But they do say that, in the longer term, the economy may grow more slowly and consequently suck in fewer imports.

The narrowing of the November deficit, caused by a 1.9 per cent rise in exports to $13.26bn and an 0.5 per cent increase in imports to $15.21bn, is relatively good news.

Increased oil imports into the U.S., to beat next year's OPEC oil price rises, had been thought likely to push the deficit higher than the October deficit figure of $2.13bn.

The level of December oil imports may still rise in advance of the first 5 per cent OPEC price rise on January 1.

Part of the improvement in the November trade picture is attributed to the measures the Carter Administration took in November to strengthen the dollar. These included increased U.S. Treasury gold sales, which boosted the November export figure. The recovery of the dollar has also made imports relatively cheaper.

The 0.6 per cent drop in the November leading indicators index came after fairly steady rises in the previous three months. But the index can be volatile and is regularly revised by the U.S. Commerce Department, as changes in its ten components are made.

Analysts warn that it takes about three months' movement of the index in one direction to indicate a definite trend.

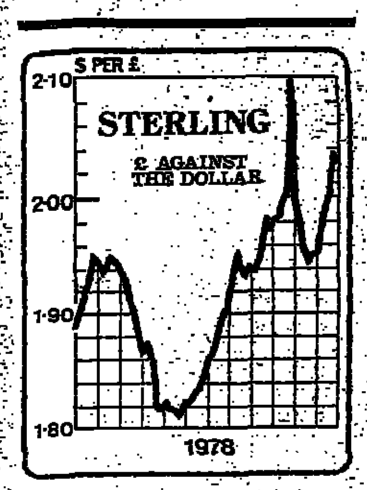
The Administration, and the Federal Reserve Board, can take some comfort from the fact that the biggest single factor in the index's decline in November was a 0.9 per cent drop in the money supply.

This must give some hope for the Administration's fight against inflation, even though the 1979 inflation rate and trade picture will be adversely affected by the 14.5 per cent rise in oil prices.

THE LEX COLUMN

Where to draw the line on 1978

Index fell 5.3 to 472.9



With the financial year-end of many large British companies only a couple of days off, finance directors will be turning their attention to the shape of the 1978 accounts. In several respects they face a difficult task. For the second year running the dollar is playing a cruel trick upon British companies by staging a sharp decline in December. Finance directors will continue to have to struggle with the stream of accounting standards and exposure drafts. And this year the more successful companies will be in a position to consider the possible implications of the dividend cover rule which will allow them to breach the general 10 per cent dividend limit—if they really want to.

In December, 1977, the dollar lost over 5 per cent against sterling, and this month the decline has been more than 4 per cent (though the dollar picked up a little yesterday after the U.S. trade deficit proved to be not quite so bad as feared). The depreciation of the dollar in terms of sterling has been about 5½ per cent this year. On the other hand it must be borne in mind that 1978 has not, overall, been a strong year for sterling. Although sterling's trade-weighted index has risen by close to 2 per cent this month, there is still a 2 per cent shortfall on the end-1977 level.

But this is deceptive, because scarcely any British companies have significant assets in Japan, and investments in the harder-currency European countries are also relatively small. The overseas subsidiaries of British groups tend to be concentrated in the U.S. and in the older Commonwealth countries, and currency conversion effects in most of these cases are going to be unfavourable.

Currency translation is therefore an area where finance directors are likely to be doing a good deal more thinking this year. They have plenty of latitude. There are no rules—even suggested ones—requiring companies to apply closing, historic or any other exchange rates in translating the accounts of overseas operations into sterling. Last year companies concentrated on clearing currency differences—which had suddenly become embarrassingly negative—out of the profit and loss account. This time they may be wondering whether a judicious switch from closing to average rates might be worthwhile if sterling (thanks to North Sea oil) is not necessarily going to be a weak currency in the next few years.

It is hard to beat currency translation as an area for freedom. But the old favourite SSAP 6 entitled "Extraordinary Items and Prior Year Adjustments" should not be forgotten. Nor, of course, should the latest tax standard SSAP 15 which says that companies need only provide those taxes they actually expect to have to pay over in the foreseeable future. This has already played havoc with analysts' p/e calculations, and many more companies are likely to fall in with the new standard during the coming reporting season. Other accounting standards would be just as popular with companies if only they had similar magically beneficial effects on earnings instead of causing damage (like inflation accounting and freehold depreciation).

The finance directors most heavily entangled in this accounting web will be those of companies seeking to take advantage of the Treasury's cover rule. The task will be to establish cover on some sort of consistent basis over a period stretching back over six or seven years, and agree with the Treasury a certain figure for the highest cover achieved. This will mean trying to work out, among other things, what tax would have been charged on the new basis, for each year, and whether the previous allocation of exceptional, extra-ordinary or prior year items is immutable. Clearly, if the odd pension fund top-up or tax windfall could be shifted from one year to another it could make a big difference to the cover calculations.

All this will leave plenty of scope for the agile finance director to negotiate that little bit extra on the 1979 dividend. It may also provide room for the company which is not actually too keen on paying a big increase to put up a smokescreen of technical difficulties and point to an ideal scapegoat in the shape of the Treasury. One challenge for 1979 will be to spot which company tried hardest to get the dividend up.

Brascan

There was a time when Brascan's 83 per cent interest in Light-Servicos de Electricidade — the utility which distributes two-fifths of the electric energy consumed in Brazil—made it a hot favourite among international fund managers seeking a foothold in a growing economy. Now the position looks quite different. The news that the holding is being nationalised has been greeted with enthusiasm in Toronto, Brascan's home town.

In 1977, Light generated net income of $135m, or 90 per cent of the Canadian company's income before central costs. But it was only allowed to remit $29m in dividends. And it was able to generate internally no more than an eighth of the funds required to meet an enormous capital spending programme—which has run to over $1bn in the last four years.

Demand for electric energy is rising by about 10 per cent a year. But Light buys over three-quarters of its power from the state, and its rates are set by the Government. So the increase in output has not been allowed to flow through to earnings, and it has become increasingly dependent on the relatively short term funds available in the international capital markets. Repayments of these loans have risen in 1978 from $23m to $74m.

A group of private Brazilian businessmen offered to buy Brascan out a couple of years ago in a deal worth a nominal $760m, but the Government did not come up with the necessary guarantees. Brascan's equity interest was valued at $846m. But the fact that it is getting $380m in hard, remittable cash is more significant than any notional book figure.

U.S. to check complaint of EEC steel dumping

BY DAVID BUCHAN

WASHINGTON — The U.S. Treasury announced yesterday that it would launch a formal anti-dumping investigation involving imports of carbon steel plate from five EEC countries, including Britain.

Tougher checks will be made on U.S. steel importing companies that the Treasury thinks may be buying steel from foreign affiliates at less than the Government's trigger prices.

The U.S. Commerce Department said yesterday that steel imports into the U.S. rose to 2.016m tons in November, up from the 1.7m tons in October.

Mr. Lewis Foy, chairman of Bethlehem Steel, the second-biggest U.S. steel company, and the head of the American Iron and Steel Institute, said that he was shocked at the November import figures.

These showed "a continuation of clearly unacceptable levels" of foreign steel reaching the U.S. market.

The anti-dumping investigation is based on a complaint from a Pennsylvania company, Lukens Steel, which has alleged that French, Belgian, German, Italian and British steel companies, which exported $150m worth of carbon steel plate to the U.S. in the first nine months of 1978, have been selling it at "less than fair value."

Guidance prices

This is the first big anti-dumping case opened by the U.S. Treasury since it introduced its "trigger prices" at the start of the year.

The Lukens complaint on which it is acting alleges that the companies from the five named EEC countries have been selling below the "guidance prices" set by the EEC Commission in Brussels for sales within the European community.

It does not charge them with selling below the U.S. trigger prices—the American system designed to keep out cut price imports.

EEC suppliers have so far this year accounted for 44 per cent of U.S. carbon steel plate imports, compared to just over 38 per cent in 1977.

Carbon steel plate from Japan was formally declared by the U.S. Treasury in January this year to have been dumped. Since then, Japanese imports have dropped sharply.

However, increased shipments by Japan of 155,000 tons of general steel products in November was the main factor in the rise in imports. EEC steel exports, which were very strong throughout the summer, declined slightly from October levels.

Most of the remaining increase in November came from what the Treasury called "sharply higher" imports of steel plate from Poland.

Polish steelplate is already subject to a U.S. Treasury dumping inquiry begun in October. The Treasury warned that the level of shipments since then could prejudice the outcome of the inquiry against Poland.

House prices rise by up to 50%

BY MICHAEL CASSELL

STEEP INCREASES in house prices this year have included rises of as much as 50 per cent in the London area, according to the Anglia, Hastings and Thanet Building Society.

The society yesterday released its annual housing market report based on an analysis of 33,000 properties it dealt with during 1978 and said that there are now some signs that prices are beginning to ease.

Average prices for all new homes rose by 31.5 per cent over the past 12 months. Modern (post-1919) properties increased by 30 per cent on average, while the average price of pre-1919 properties rose by 24.5 per cent.

Variations

The society said the figures concealed considerable regional variations, with average prices in London rising by about 47 per cent. They even covered higher increases for certain types of property, particularly modern homes.

The lowest price rises—averaging only 10 to 15 per cent—were recorded in the East Midlands and Scotland.

Mr. Peter Moreton, the Anglia, Hastings and Thanet chief surveyor, said the sharp increases recorded in most areas were "astonishing when seen against a year of fluctuating investors' receipts and Government restrictions on total lending."

In spite of the recent 2 per cent rise in mortgage rates, the demand for home loans still outstripped the supply of building society funds. Most of his society's branches still had a waiting list of three months.

"House price rises and mortgage restrictions do not, however, necessarily diminish the total number of cases which can be funded.

"Experience shows that buyers of all generations are putting more of their own money into purchases and this can only assist in spreading our available funds. It is often said that the life of a mortgage is on average seven years.

"With improved wage packets over such a period and an increased value in their property, the seven-year itch allows many to move upmarket—such aspirations being well within their reach and again not necessarily giving rise to larger mortgage demands."

Councils seek clear guide on pay deals

BY PAUL TAYLOR

LOCAL AUTHORITY associations are to seek clarification from the Government of its attitude to the pressure from local government unions for pay rises outside the weakened 5 per cent guidelines.

Although the three main local authority associations oppose any settlement outside 5 per cent because of the impact it would have on rates increases next year, they are concerned that the Government appears to be shifting its ground on the issue.

Last month Mr. Peter Shore, the Environment Secretary, announced strict limits on local government spending with the 1979-80 rate support grant settlement, but the Government appears to be edging back from a rigid interpretation of the pay guidelines.

The associations are particularly anxious to clarify the evident disparity between recent comments made by Treasury Ministers and by Mr. Denis Healey, the Chancellor.

Mr. Healey has admitted privately to union leaders that pay rises for the 1.5m public-service manual workers, whose 40 per cent demand poses one of the greatest threats to the Government's anti-inflation policy, might exceed 5 per cent.

Mr. A. G. Taylor, chairman of the Association of Metropolitan Authorities and one of the most vocal opponents of any settlement outside 5 per cent, said that his association would seek an urgent meeting with Ministers in the new year.

The rate support grant announced in November was reduced by £3m because councils had allowed chief executives and other senior officers a pay increase of between 12.5 and 13 per cent under the previous round of pay policy.

The most likely consequence of any change of heart by the Government towards public-sector pay settlements would be a change in next year's grant cash limit, which allows for inflation to cover pay settlements outside 5 per cent.

That would not, however, solve the dilemma facing local authority treasurers, since the grant, and the cash limit provision, cover only 61 per cent of local government expenditure.

Mr. Shore's November call for rate increases to be kept to single figures was predicated on two main factors: 5 per cent pay settlements; and the £1.2bn in local authority capital reserves.

However, although some councils have large reserves that might be used to subsidise high wage settlements, others have little or no reserves.

Thus, even if cash limits were increased to take account of higher wage settlements, some councils will have no choice but to raise rates by more than 10 per cent.

Some local-government treasurers have talked about rate increases of 30 per cent or more, even if wage settlements are kept below 5 per cent, although the Government considers those statements exaggerated.

Continued from Page 1

EMS

Units, consisting of a basket of each currency.

The most likely formula is that gold will be valued at a discount of 25 per cent to the market price. If this is not sorted out immediately the system could still go ahead with a modified version of existing swap facilities between central banks.

A senior official at the Bank of France said there was no question of introducing a partial EMS. Finance Ministry officials said France was in no way threatening to back out and stand with Britain on the sidelines of the system.

France appeared yesterday to have greatly scaled down the demands which brought matters to a head at the EEC Farm Ministers' meeting in Brussels a week ago.

It was understood that France was no longer playing its EMS card to press its claim for devaluing the "green franc" or for a time-table for the phasing-out of MCAs, which favour German farmers in their trade with France.

Instead, France has reduced its demands to a German commitment that any new monetary compensation amounts introduced under EMS would be phased out by the end of the year. New MCAs might be created if the D-mark were revalued from its present parity in the "snake."

The running-down of MCA was approved in principle at the Brussels heads of Government meeting at the beginning of the month, but no time-table was set.

Agriculture Ministers are due to meet again on January 15, but there was speculation in Paris that this date might now be brought forward.

Strike costs Ford Europe market lead

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD WOULD have been Western Europe's market leader for cars and commercial vehicles this year but for the UK strike.

By the end of October, the group had captured 13 per cent of total Western European new car sales and had an apparently unbeatable lead over Renault, the state-owned French group, which had a 12.4 per cent share.

In 1977, Ford was third in the car sales league, with 12.2 per cent against Renault's 12.8 per cent. Fiat of Italy's share of the market — including Seat models made in Spain — was 12.9 per cent.

Ford also had a solid lead in the commercial vehicle market by the end of October, with a 13.3 per cent share of total Western European sales, well ahead of Renault, with 12.9 per cent, and Peugeot-Citroen of France, with 11.7 per cent. Ford held second place in 1977 commercial vehicle sales.

The statistics reflect the success of Ford's "Europeanisation" programme in which it has developed products attractive to all European markets.

The figures also illustrate the impact of a full year with a small car, the Fiesta. Its success has even been something of an embarrassment to Ford in Spain, where some assembly of the model is done.

Ford had agreed to restrict its penetration of the Spanish market to 10 per cent in 1978 but had an 11.8 per cent market share by the end of October.

It would have had to restrict sales in the final months of the year had the UK dispute not intervened.

Unfortunately for Ford, 1978 represented its last chance for many years to capture the Western European "double" in car and commercial vehicle sales, for Chrysler Europe becomes part of the Peugeot-Citroen combine in January.

This newly-formed grouping starts with around 18 per cent of European new car sales and will start with around 15 per cent of European sales, again enough to give it a clear lead on Ford.

Ford's share of the UK car market in December will be about 16 per cent, compared with BL's 27 per cent.

While much better than the 6 per cent recorded in November, the December figures reflect the fact that a return to normal conditions is taking time.

The group's market share should be back to the 25 per cent level in January, usually a month of comparatively high volume sales.

WESTERN EUROPE (15 countries) market shares at end-October

	Cars %	Commercials %
Ford	13.0	13.3
Renault	12.4	12.9
Fiat/Seat	11.7	8.3
Peugeot/Citroen	12.3	11.7
VW/Audi	11.4	10.1
GM	10.4	6.4
Chrysler	5.9	3.6
BL	4.9	6.3
Japanese	6.6	4.3

Weather

UK TODAY

SHOWERS, snow in N.

London, S.E., Central S., W. England, Channel Is.
Bright intervals, showers. Max. 11C (52F).

E. Anglia, E., N.W. England, Midlands, Wales
Cloudy, rain, some snow. Max. 8C (46F).

Lakes, Isle of Man, N.E. England, S. Scotland, N. Ireland
Cloudy, sleet or snow. Max. 4C (39F).

N. Scotland, Highlands, W. Isles, Orkney, Shetland
Bright intervals, scattered snow showers. Max. 3C (37F).

Outlook: Sleet or snow.

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Amstrdm	R	10	50	Madrid	C	11	52
Athens	S	17	63	Mnchstr	R	7	45
Bahrain	S	19	66	Melbne	F	20	68
Baclona	F	17	63	Mex. C.	S	20	68
Beirut	F	18	64	Milan	C	5	41
Belfast	R	3	37	Montrl	S	−12	10
Belgrade	F	13	55	Moscw	S	−19	−2
Berlin	R	9	48	Munich	F	11	52
B'ham	F	10	50	Nwcstl	R	4	39
Bristol	R	10	50	N. York	S	−1	30
Brussels	R	11	52	Oslo	C	−13	9
B. Aires	S	32	90	Paris	R	10	50
Cairo	S	20	68	Perth	F	24	75
Cardiff	R	9	48	Prague	F	10	50
Chicago	C	−2	28	Reykvk	S	−7	19
Cologne	C	11	52	Rio J'o	C	28	82
Copnhn	Sn	−2	28	Rome	C	16	61
Dublin	R	7	45	Singpr	S	28	62
Ednbrgh	Sl	3	37	Stckhm	S	−7	19
Frankfr	C	11	52	Strasbrg	C	14	57
Genova	C	12	54	Sydney	R	20	68
Glasgow	Sl	3	37	Tehran	S	6	43
Helsinki	S	−22	−8	Tel Aviv	C	17	63
H. Kong	S	20	68	Tokyo	C	10	50
Jo'burg	C	27	81	Toronto	S	−9	16
Lisbon	C	16	61	Vienna	D	2	36
London	C	11	52	Warsaw	Sl	1	34
Luxmbg	C	8	46	Zurich	F	10	50

HOLIDAY RESORTS

		Y'day Midday °C	°F			Y'day Midday °C	°F
Ajaccio	F	16	61	Jersey	C	12	54
Algiers	F	20	68	L. Plmas	C	19	66
Biarritz	F	18	64	Locarno	S	7	45
Blackpl	R	4	39	Majorca	S	17	63
Bordeaux	S	16	61	Malaga	F	17	63
Boulgne	R	9	48	Malta	S	18	64
C'blnca	F	20	68	Nairobi	S	24	75
Cape Tn	C	21	70	Naples	F	17	63
Corfu	C	15	59	Nice	S	14	57
Dbrvnk	R	12	54	Nicosia	S	17	63
Faro	C	17	63	Oporto	R	13	55
Florence	R	13	55	Rhodes	F	17	63
Funchal	F	19	66	Salzbrg	C	6	43
Gibrltr	F	16	61	Tangier	S	18	64
Guernsey	F	12	54	Tenerife	D	15	59
Innsbrk	C	9	48	Tunis	S	20	68
Invrnss	C	2	36	Valencia	F	15	59
I. Man	R	5	41	Venice	C	6	43

C—Cloud. D—Drizzle. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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هكذا من الأجل